

CANADA'S WEEKLY NEWSMAGAZINE

# Maclean's



AUGUST 30, 1982

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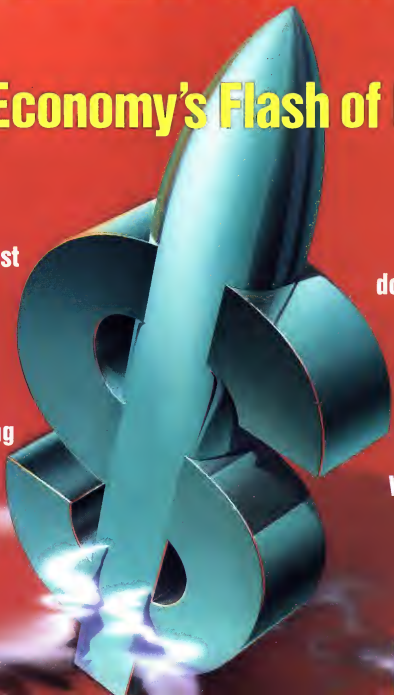
## The Economy's Flash of Hope

Why interest rates are falling

How the dollar gained strength

The housing slump levels off

Staying tuned with Washington



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# Maclean's

AUGUST 30 1982 VOL. 15 NO. 35

### COVER

#### The economy's flash of hope

The world's stock markets roared back to life last week, easily smothering previous records ignited by forecasts of lower interest rates, the euphoria erupted in New York and spread like wildfire. For long-suffering investors and economists, the outstanding surge offered a welcome hope, however fragile, that the recession may begin to ease. — *Page 20*

PHOTO BY G. HILL/STYLING



#### An uncertain peace

The long-awaited departure of the PLQ from raised West Beirut brings some relief, but it does little to resolve fundamental problems facing the Middle East. — *Page 16*



#### Making faces

Two travelling photography exhibitions featuring faces are revealing the clutter that Canada as a large, unpeopled land of fields, rocks, trees and water. — *Page 33*



#### The West loses its lustre

The flood of latter-day immigrants heading spontaneously west for a new start in Alberta has been halted as surely as a broken wheel stopped a flat-floored cart. — *Page 9*



#### Dauids vs. Goliaths

Concerned that too many of their grievances are being brushed under the large-tanning table, workers are turning on their bosses for mishandling their affairs. — *Page 42*

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#### FOLLOW-UP

## Prying open closed doors

These days, when he is not working his 14-hour shift as a dishwasher in Winnipeg's Victor's Restaurant, Fernando Molina pursues his five-year struggle with authorities in Ottawa's immigration department. The 46-year-old Chilean's first two requests—dating back to 1977—for refugee status, on the grounds that his life was endangered if he returned to Chile, were turned down with no reasons given. His lawyer, David Matas, filed a statement of claim against the federal government (Medicine, Sept. 24, 1979) arguing that even aliens have minimal rights and should be given reasons. In August, 1979, a Federal Court judge agreed that the case could go to trial, but it never has.

Initially, the government said that it would appeal the court ruling, but in October, 1979, it backed off and listed its reasons for turning Molina's entry claim "anomalous" in his explanation of why he quit his job in Chile and noting that in 1977, when he was interviewed in Chile and turned down as an immigrant, he told authorities that he "would go to Canada anyway." Matas replied that the last statement was inconsistent with his political refugee claim, since it is impossible to apply for entry to Canada from within Chile if one claims to be a political refugee. He also explained all the other "anomalies."

Still, Molina's case remained in legal limbo. The government still insisted that Matas drop the lawsuit, but he refused until Ottawa decided whether or not Molina could make a third application to stay. Matas' letter has never been answered, but as an end to Molina's plight may at last be on the horizon. This past April the government announced that it would review all cases of Chilean nationals who came to Canada before Jan. 1, 1980. Molina applied and, on June 1, obtained a minister's permit granting him quasi-legal status until his case is reviewed.

Of course, the permit does not mean that Molina will definitely be able to stay. Even if his application is approved, he would need an order-in-council, which could take months. But he is now hopeful, urging Matas to pressure authorities into letting his wife and two sons in Chile join him while his case is being reviewed. Right Molina? "The uncertainty of the past five years is driving me crazy."

—PETER CARLYLE GORDON

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## CANADA

# The golden West loses its lustre

By Suzanne Zwargen

"Hey, buddy, where ya from?"  
"I'm from Calgary." (Laughter)  
"Where's your home?"

"I just got home from Calgary. I plan to take a good long rest. It's an awful place for partying. I haven't slept all night in two years."

"Listen, John, what are these folks like out there in Calgary anyway?"  
"Well... er... all my friends are from Cape Breton. That's all that's in Calgary is Cape Bretoners." (Strained laughter)

"Well, there's gonna be another one." — *The Rose and Follies of Cape Breton Island, 1880, a Nova Scotian review*

Nor any more. The party is over in Calgary, Canada's bustling hometown. The long, red-tiled line of eastern Canadians who have been trekking down the road to Alberta for a decade, confident that they would find jobs and prosperity there, is making a sharp U-turn.

At the height of the western boom so far was dismissed by Calgary Mayor Ralph Klein's rude recommendation that the eastern "bums and creeps" should stay at home. But now that the countrywide recession has finally caught up with Alberta, the thousands of letter-jay immigrants heading west for a new start have been hit as surely as a broken wheel stopped the Red River carts of their predecessors. And if long established Albertans are prepared to wait out the harder times, a lot of newer Albertans are less loyal or more mobile. "The boom was over," Peter Quinn, a 22-year-old oil industry piping designer, says simply of his return home, so near Regina, Que.

Quinn moved from Quebec to Alberta in March, 1981, and went to

work at \$20 an hour designing paperwork for oil refineries. Four months later, when that contract was completed, he immediately started another at \$30 an hour but was laid off last June. This time, however, "there was no other work, what with the worldwide recession and the Alberta and federal government oil policies," says Quinn. "I enjoyed it out there but I had no choice but to leave. Many of my colleagues, some from England and Australia, decided to return home too. The few that stayed found themselves working for between \$6 and \$12 an hour. I was not prepared to do that." Instead, Quinn, his wife and two children are living on unemployment insurance and their savings while he searches South Korea and Britain for jobs. "I am simply not doing anything just now," he laments.

Quinn and his colleagues are far from alone in retreating home after the western boom went bust. There are no official statistics on how many eastern

Canadians who moved west have gone out again this year. But informal indicators, from unemployment insurance and bank loan transfers to government moving assistance and new telephone hook-ups, all point to a reversal in the heavy east-to-west traffic of the 1970s.

Suzanne Simpson, for one, is heading east on Sept. 1. In mid-August, the 31-year-old expatriate mother packed up the seven family belongings—including two beds—that she had packed last summer for the westward trip. Her husband, Ken, also 31, an electrician with Prudential Steel in Calgary, had just been laid off. Three days later, the couple decided to head home to Aurora, Ont., where Ron's former employer agreed to give him his job back. "That was the clincher," says Susan, who, along with her sons Michael, 15, and Paul, 6, is delighted to be going home. "I miss it," she says.

The Simpsons were laid west last year by the vacation-time bonus of

residing east on the Trans-Canada. (After rental up, apartments down)

to be doing well wages were high. The Simpsons themselves vacationed in Calgary two years ago, and Ron was lured over by the demand for skilled workers in the classified ads. Five days after he moved last summer he found a job at \$5 an hour more than he had been making in Aurora. "Black then, you walked into the electrical union office in the morning and came out in the afternoon with a job," says Susan. In December he contributed to Prudential Steel for \$26-plus an hour, \$2 more than he was paid in his first job. The Simpsons discovered, however, that the cost of living in Calgary, which had the nation's second highest inflation rate last month, was staggering. "Everybody looks at Calgary as the promised land, but when you get there to living there you find out things," said Susan. "We were shocked at more \$400 a month



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for less than we got for \$300 back home. In the end, you don't see any more out of your paycheck."

Presidential started laying off staff in April. "We were scared, and Ron started right away looking for another job," explained Leveson. "He went through Manpower, the union, the ads, sent out resumes, just to wait. But prospects were also 'When nothing had been found by the time Simpson was laid off, he immediately showed his old employer. 'We don't seem any farther ahead in our respect,'" says Burns. "But in another way, it's been a great experience. We've travelled a lot, visited around I'd be again."

In the past decade, people like the Simpsons turned Alberta's traditional growth pattern upside down. Until the 1970s the population grew steadily and naturally as the indigenous birth rate. Then, interprovincial migration picked the growth rate to unprecedented levels. Alberta's population soared by 22 per cent—compared with a 5.9 per cent national growth rate—between 1975 and 1982. The influx was fuelled by the worldwide energy crisis of the early 1970s and the OPEC cartel's manipulation of oil prices. Premier Peter Lougheed's Conservatives portrayed these developments into the land of tomorrow's boom that had ebbed the province throughout the century.

Unpacking in Quebec for jobbing designer Quinn, the boom was over



meant, which had been hovering around four per cent, among the lowest rates in the country, shot to 8.7 per cent in Calgary and 1.9 per cent throughout the province. Ironically, Canada Employment centres had to impart experienced staff from the Edmonton office to process backlogged applications and it still took weeks before even after hiring an additional 30 local staff.

Bankruptcies have soared to record levels—1,007 so far this year. Skyrocketing real estate prices, and a housing shortage that made speculators rich, crumbled. At the same time, housing starts are down, the lumber and construction industries are reeling and real estate firms are disappearing into receivership. In Calgary, where \$100-million construction years had become routine, a doom downtown projects were played on hold.

Rarely Canadian caught the message quickly. Alberta's Consumer and Corporate Affairs Minister Jeffa Kowak says interprovincial migration plummeted 84 per cent between the last quarter of 1981 and the first quarter of this year. At least part of the decrease is caused by newcomers going home, says Susan Lee, property manager for Calgary's Self Properties.

"The rental industry is the first to feel people moving, and we've been feeling it since February," says Lee. In March, 27 per cent of the people viewing Self's 800 rental properties said they were leaving Alberta. The numbers of apartment leases dropped in April and May, but, by June, 25 per cent were again telling Lee, "We lost my job, and unemployment insurance goes further back than."

Other evolutions of the pinch in the rental industry comes from Canada Mortgage and Housing Corporation, which reports a jump in the Calgary vacancy rate from 6.7 in April, 1981, to 13.8 last April. "And it has gone way up since that," says CMHC marketing analyst John Schell. "In at least four per cent, I estimate. Some people simply move, but a lot are just gone, back to mommy and daddy in Toronto or wherever their support systems are."

That is mainly Ontario and the Maritimes, says Gary Randall, Edmonton manager for U-Haul of Canada. A year ago, when he worked in Toronto, "right out of 10 states we were coming west." Randall followed them five months ago and discovered "Two out of five rentals are now going east. We're having shortages of one-way trucks. They're all booked into next month."

Even national news officials have noticed the trend. After its Edmonton counterpart reported alarm about the number of jobs abandoned by departing families, the Calgary Business Society started asking people where they were moving when they dropped out of the labour force. "A good number are saying they're heading back west, going home again," says Terry Maxwell, noting that the number of abandoned cars and homes had jumped by the end of July from 4,082 last year to 5,550 this year.

At the other end of the country the return has been a long watched carefully by nervous government.

"There's no question. New Brunswickers are returning from Western Canada," says Bruce Meyer, manager of the economic services branch of the Canada Employment and Immigration Commission in



The Simpsons packing up in Calgary: Homebody's Maxwell sometimes have to go home for family help

Fredericton. His Nova Scotia counterpart, John Greenwood, notes that between April and July, 130 car dealers were transferred into Nova Scotia, compared with only 33 last year. Prince Edward Island and Newfoundland officials are also seeing a substantial increase in transfers. In Ottawa, David Newman, director of the mobility program, says the number of claimants in Alberta receiving relocation grants is 34 per cent higher than last year.

The flight home is being fuelled by rumors that the streets of gold have been moved to the Maritimes. Ron Maxwell, former Calgary financial planner with Investment Syndicate in Calgary, says he has heard from a lot of people that "there's work down there. Tradespeople have been having more work than they know what to do with." Statistics just released by Canada's Marketing Services seem to bear that out. Alberta is the hardest-hit province, with a 41-per-cent decline in construction expenditures, while the Atlantic provinces were least affected, with only a 10-per-cent drop. Once back in the Maritimes, however, things look less rosy. Nova Scotia's General Statistics, 25, now living in Truro, N.S., headed for Calgary three years ago with no skills and found a job in a week. Laid off in April, 1981, he looked for work for a month, then headed home when he heard there was work on the offshore. He is now collecting unemployment insurance.

"People are moving home, I've started to notice," says Michael Loughhead, a 37-

year-old who returned himself to the Truro area. "But they're not coming home to work. I hadn't realized how bad it is here until I came back," he adds. Loughhead went to Calgary in August, 1982, landed the first job for which he applied, then left last spring. "I really liked the job I had, but I just didn't like Calgary much. Hate and burble. Too fast. People just wanted to make money as quick as possible," he explained.

The inability among new Albertans to plant roots, in fact, often seems as much a reason to go home as the economic downturn. "Most people didn't come out to make a million," says Laurie Mather, a Maritimer whose five production companies transferred back to Alberta—where he still works—four years ago. "But when the good jobs got as few and far between here as they are in the Maritimes, people start asking themselves why they're here and a lot of them decide it's not worth it." Maxwell Mullinger, 35, transferred to Calgary in September, 1980, immediately acquired a successful job with Dome Petroleum, but went home in March simply because she was homesick. "I was getting fed up with everything," says Mullinger, who now works in Halifax.

Some members of the Maritime Business Association in Calgary share Mullinger's view. President Betty McLennan has been sending out renewal notices to the 500 member group

this summer. Says McLennan, "I got a nice little note from a couple in Miramichi who said they were heading back to Kentville. And people say if they're going to be on unemployment, they might as well be at home. But there's money to gauge whether they move around a lot, go off to Port McHenry because they hear there's work. They're the ones that used to ride the rails in the 1960s, now they move around with more ease."

Not all manage it, however. Members of the association had to dip into their own pockets at the bitter end of the winter to donate home one kindly devotee Maritimer found wandering the downtown Calgary mall. McLennan hopes he got them safely, but it would not surprise her if he turned up back in Calgary. As New Brunswickers' Bruce Meyer observes, there is an old and new between the regions, and some of the new Albertans who have gone back down the road to home still look appreciatively at Alberta. "It's a way I regret leaving," admits Michael Loughhead from his brother's farm at Old Bruce, near Truro. "I felt some sense there. If I hadn't got straightened out here, I may have to return some day." For at least one group of new Albertans, that choice must seem like a luxury. In Calgary and Edmonton the unemployment rate among Vietnamese refugees is estimated now at 40 per cent. And they can't go home again.

With Michael Loughhead in Halifax, Sharon McKay in Toronto and Julie Van Duyn in Ontario.



## Arcand finds a haven—for now

The mountains around Kelowna, B.C., stood out sharply in the clear, dry air in the early morning and a sharp contrast from Beirut, where landmarks were smogged by the exhaust from worn-out Mercedes taxis even before the city came to be torn apart by Israeli shelling. Three weeks ago, before he became the last Western diplomat ordered to leave West Beirut, Théodore Arcand stood on his fifth-floor apartment balcony and watched the smoke thicken from Beirut's guns firing at the scattered members of the Palestine Liberation Organization—and unfortunately at him. Now, Canada's most recent ambassador to Lebanon is visiting his parents in Kelowna, making the psychological adjustment to a city where people stay traffic signs and drive on their own side of the road. "It's astounding to me to come here and listen to people complain," he said. "We have a country with tremendous resources, space and potential, and our problems seem modest compared to Lebanon's."

One of the other diplomats pulled out of West Beirut for the relative safety of the Christian-controlled eastern half of the city, the night of the Maple Leaf Flying Boat Arcand's car (an armored Chevrolet built for last year's summit conference of Western leaders in Ottawa) was becoming increasingly noticeable in the short-term spurs. Arcand, along with his wife and 15-year-old son, was still there—filing situation reports to Ottawa, checking on the safety of the 1,500 Canadian citizens in the country, and attending to the bland language of diplomacy to express the Israeli invasion. His counterparts had Israel's ambassador to Canada, Yehoshua Avner, to charge that Arcand's comments were objectionable and went beyond diplomatic privilege—a reaction which Arcand still surges to.

Arcand is convinced that something other than the Israeli approach to the Palestinian problem is needed in order

for a lasting peace to be established in Lebanon and the rest of the Middle East, but the ambassador also believes that strife between Lebanon's dominant Christian minority and the Muslim majority—augmented with a powerful central government—will make the search



The Arcands in Kelowna forget heroics, look at the trade figures.

for a solution in that country particularly difficult. "There are 15 or 16 million young for power in Beirut alone, each with its own role, and the city is as Rome was in the fifth century," says Arcand. "You had to deal with these things if you wanted to survive."

One of the ambassador's more harrowing memories took place in late July. Arcand was talking to the Lebanese minister of housing about recon-

struction when his own apartment was hit by fragments of an Israeli phosphorus bomb which set fire to a bedroom wing. "Only three hours before that the movers had taken out 100 boxes of our personal possessions, so I didn't lose much, apart from a few suits and my fewest pair of jeans," he said. His colleague of Ancient Roman glass was among the items that came through the siege and bombardment undamaged. His wife, Jennifer, and son Jean-Louis

moved 30 km away to the comparative peace and quiet of the Christian-controlled beach resort of Jounieh and watched through binoculars as Israeli jets screamed in to bomb Beirut. Arcand, himself, stayed on in the city. His family's worries about his safety eased slightly by a radio that kept them in touch with the embassy. During one heavy air raid in late July he awoke at 3:30 a.m. in a 10th-floor apartment that he had borrowed for the night, to find that the heaviest Israeli air attack of the war had begun. "I got up and put on a shirt and tie and remember thinking, I really don't want to be caught in my pajamas in this it was terrifying, yet fascinating, to watch shells and bombs slamming into buildings nearby," he recalled.

On holiday at his parents' retirement home in Deseronto, Ont., with his wife and a son already half-a-decade older than the 40-year-old, seven-inch ambassador, Arcand finds something about a surprising family reaction as relatives arrive from Alberta and California. The son of French-Canadian parents, Arcand was born in the farming town of Bensenville, Ill., grew up in Ontario, and now deals himself the aspect of country-western admiration as he carries on the instant tradition (started by Rex Taylor in Iraq) of leaving Canadian

ambassadors. He glorifies his personal success, preferring to note that Canada's exports to Lebanon went from \$28 million to \$53 million during his three years there or that this country has given almost \$2.5 million in aid, based partly on his reports. The Arcands are now in the planning for Hong Kong and a new embassy. "I wonder if they'd be due for any trouble," he chuckled. —MALCOLM GRAY in Kelowna.

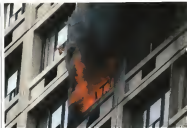
## A luxury for official use only

For many frustrated Canadians, it was simply the last straw. In the same week that Statistics Canada pegged unemployment at a staggering 11.4 per cent, Pierre Trudeau and his three sons—stationed in the West aboard the six-week railway cars. The prime minister's two-day holiday triggered furious protests in three provinces. Not only that, but the apparent membership of Trudeau's out-of-town trip in a government-owned vehicle depressed Liberal strategists who are trying to promote their six-per-cent constraint policy. And Meow's has learned that guidelines that are imposed on cabinet ministers for use of the cars were approved—in the prime minister's advantage.

The protests dogged Trudeau's 14 days in the Rogers Pass, B.C., about 10 protesters pelted the train with tomatoes. In Ontario, Alta. host residents held signs. And late last week in hard-hit Sudbury, Ont., about 1,000 demonstrators shooed the Trudeau train with eggs, tomatoes and rocks. Windows were smashed.

As the bad publicity swelled, the Prime Minister's Office revealed that the holiday had cost the taxpayers any money. The two cars are owned by Transport Canada and maintained for use by the governor general and his family, the royal family or, with Ed Schreyer's permission, the prime minister, cabinet members and members of the Canadian Transport Commission. The cars are pulled by regular Via Rail trains—and there is no charge for occupying them onto the region. Trudeau will be billed for his family's food and refreshments. Although a press official insisted that Trudeau will pay the economy one-way fare of \$61 per child and \$250 for himself, sources say that it is unlikely that he will be charged because every car and his family are allowed unlimited rail travel.

Consent mentions assistant take a car unless they sign a written authorization requesting "the use of this rail car fully consistent of the government's commitments to restraint and the prime minister's code of conduct as applied to members." They may only use the car for ministerial or departmental business—not for holidays, or even for constituency business. Trudeau's footing of his own girlfriend may not cost the taxpayers a penny—but the Liberal party may pay a high price for his vacation. —MARC JACOB in Ottawa.



Planes high over floor and floor: a nuisance to which skyscrapers are prone.

TORONTO

## The door on the 18th floor

It could have been a frightening scene from a modern disaster movie: for thousands of office workers, shoppers and summer visitors who thronged Toronto's busy Blue-Yellow intersection on a balmy morning last week, it was all too real. A sudden roar of flames exploded above them from the 18th floor of one of Toronto's most fashionable apartment complexes. A column of black smoke mushroomed up the white concrete facade of the 30-storey building, as panicky heads poked out of windows trying to brace what a fireman was shouting on a loudspeaker below. "Fire alarm you are—stay where you are," he called, even as one terrified resident was racing down a stairwell from his suite on the 18th floor, only to die on the 18th-floor landing. It was an urban nightmare—a lightning fire in broad daylight on the city's second season. Nine in 19 months.

This time there was only one fatality—46-year-old Basil Campbell, who ran when he should have stayed safely 18 stories above the danger. Still, a stream of ambulances had to be rushed to the scene to carry 16 other tenants and dozens away to be treated for smoke inhalation and cuts. Six guests had died in the earlier tragedy at the suburban Inn On The Park, and there was at least one indication that useful lessons had been learned about how to combat the special menace to which skyscrapers are prone.

In the earlier fire, six people died on a dark and bitterly cold January morning in 1981 after they were trapped in the 23-story tower of the Inn On The Park. The blaze is believed to have been

started by a smouldering cigarette that had been sucked into a vacuum cleaner. During a coroner's inquest, fire officials said that the victims could have survived if they had stayed in their rooms and put wet towels under their doors to keep smoke out. Instead, they were overcome by heat.

Among what it called 36 "long-overdue" recommendations, the coroner's jury urged that emergency public address systems be installed in all hotels and that hotel alarms be tested regularly. Fire departments should draw up advance fire-fighting plans for each individual hotel and upgrade safety training for fire inspectors to make sure that their standards are rigorous.

By the time Toronto had another lightning emergency last week, almost everyone seemed to have learned some lessons. Within 10 minutes of the alarm at 10:45 a.m. an impressive fleet of 38 ambulances, a squad of 100 firemen and 13 of their vehicles were at the scene, along with an emergency command vehicle carrying sophisticated electronic equipment. Inside the towers, for the most part, remained calm, staying in their apartments and blocking out sinister smoke with wet towels as their dormitories in one tragic exception, however, firemen said that Helen Coulter, 46, the occupant of 1805, when the blaze started, ran out to avoid the alarm but did not shut the fireproof door that would have kept the flames confined in her apartment. For thousands of other Toronto high-rise residents, it was still another lesson to remember.

—CAROL BLOOM in Toronto

# The separatists' champion

By Gordon Legge

As in all major leadership contests, a wave of history pervaded the theatres under the massive ballroom of the Capri Centre, a modern metal complex on the southern outskirts of the small Prairie city of Red Deer, Alta. There, several hundred members of Alberta's separatist Western Canada Concept (WCC) party met last weekend knowing that their decision may either open up a new chapter in the history of Canadian politics or obliterate the party as a footnote. They knew that the leader they chose must provide a focus for the moderating discontent that they sense exists everywhere in the province. And he must do it quickly because many observers expect a provincial election this fall. Otherwise, they are doomed for as in the political fringe.

It is a time when Alberta politicians—unlike those in its two neighboring provinces—are more turbulent than at any time in recent memory. With interest rates at near record levels and 86,000 Albertans unemployed (more than twice as many as a year ago), Premier Peter Lougheed met with his caucus for two days late last week. In the modern three-floor conference room of L'Esplanade Government House, the premier heard echoes of dissent from across the province and pleas to draw on Alberta's controversial Heritage Fund to finance a marriage stabilization scheme. There, with speculation mounting about the timing of a forthcoming election, Lougheed left for the premier's conference in Halifax this week armed with a sheet of suggestions about how to restore economic vitality to the province.

Traditionally, an election would be slated for the spring of 1983. But, of economic prospects remain bleak, and if the premier feels that the WCC has fanned a leader of threatening strength, some observers think Lougheed may return from Halifax to announce a postponement of elections. Thompson, with the 13th anniversary (Aug. 30) of having to prove behind him, he will call a snap election before the WCC can muster any more support.

At the same time voter discontent in Alberta's borders is in itself enough to make Alberta's ruling politicians nervous. For one thing, there was the statement of Allan Rockwell's NDP government by the Conservatives in Saskatchewan in April. Then, last week, British Columbia's Brian Wilson, leader of the provincial Tories, tossed a political grenade when he resigned as

party president to join the B.C. wing of the NRC. Although the WCC is an insignificant force in B.C. politics, these other prominent fits joined Westwood, and none may follow. One Tory leader, Mr. John Fraser (Vancouver North), bluntly declared that "the Progressive Conservative party is not playing silly games with concepts of breaking up the country." But Westwood as staunchly said that "A referendum by the people will decide the issue, and, if things stay as they are, the West will vote for independence."

In other times the B.C. move would be meaningless in the context of Alberta politics. But now the whole independence issue is a tangible threat both in Alberta and west door—and at a time when Lougheed's popularity has sunk to an all-time low since his election in 1975. Worse still are rumors that a group of powerful Tory supporters in Alberta, as well

Thompson history pervaded theatrics



Kesler: the recent populist pose a tangible threat

as in British Columbia, are reexamining throwing their considerable influence and money behind the WCC.

Meanwhile, the WCC is preparing to weather any setback. Despite rancorous infighting that brought the movement adverse attention in recent months, almost threatened to destroy the fledgling populist organization and frightened away potential supporters, the party has managed to put together a viable political machine. It has an executive in all 78 constituencies with plans to run a manifesto in every riding. It has a major fund-raising campaign in the wake of the leadership contest. Estimating that it will need between \$2.5 million and \$3 million to fight the election, the party's new president, Calgary businessman Mel Schwartz, in confidence that the money can be raised. "We're not experiencing any difficulty collecting money," he said recently, although he acknowledged that the party has not yet started raising funds for its war chest.

The only regrettable omission to kick off the campaign was the right kind of leader. Six candidates offered their services. Gordon Kesler, the party's first and only M.L.A., elected last spring in a by-election upset in Okla-Delbert, Howard Thompson, 62, an industrial farmer and brother of former national Social Credit leader Robert Thompson, Jack Ewing, a Calgary consultant to the Hobbema Indian band, and the candidate party officer who first uncovered the Tories' socialist activities with his disclosures in *Maclean's* in 1972, Blaine Keston, an Edmonton car dealer who was the founder of another separatist group, West Fed, which merged with

the WCC last spring. William Huffer, a Capri Bar dairy farmer, and Wayne Whitaker, a Manning farmer. However, as delegates arrived Saturday, there were two front-runners—Kesler and Thompson.

Kesler came into the contest as the man with the strong endorsement he had received at a policy convention five weeks earlier. But he was hindered with harmful image problems. During his brief tenure, Kesler appeared politically unbalanced and unpredictable.

Supporters view Kesler as the amiable graduate who owned his own oil company and whose style resembled that of his favorite politician, Steve Westing. He is a strong family man and he joined the movement because he felt neglected by federal and provincial governments—both in Ottawa and in Edmonton—were slowly eroding individual freedom and the heritage of his five children. He preached a mixture of "responsible free enterprise" and "grass roots government." The party's most compelling speaker, he also exhibited a natural candor, mixed with humor, to sway his audience. Like an evangelist, he involved his listeners by constantly reminding them of their importance—that they are the country's most vital resource.

But critics took a vindictive turn and an inability to handle criticism without retaliation. They perceive a paranoid personality talking about an assumed worldwide conspiracy that seems to swirl around who does not agree with Kesler's views. His opponents also view him as indiscriminate in his choice of advisers and far too easily influenced by them. They distrust a man who seems open to his role as interim leader with a reluctance that led him to declare that a leadership race was unnecessary until after a provincial election. Not only that, but some suspect that Kesler has developed a messianic complex, believing himself ordained by God to save the West because of his frequent moaning of religion and politics when he was first elected to the legislature.

Kesler himself always the associations off an attempt to undermine the credibility of himself and the party. In all-candidates debates, talk shows and in speeches across the province during the past month, he readily admitted that he was a political neophyte and that he, along with other party officials, normally made mistakes as they coped with the rapid growth of a new party. His outspoken and straightforward manner made him an easy target, he says. "When you're the only duck on the pond and you've got 20 snipers shooting at you every day, it's guaranteed that if you're doing anything at all, they're going to knock some tail feathers off." In fact, Kesler has gradually toned down

and dismissed his stunts to improve his appeal.

His most serious rival, Thompson, escaped the brutal backslap relatively unscathed by working silently as the back roomer. Thompson, a native Albertan, moved west during the 1930s and the early in the 1940s before establishing his work in Ethiopia in agricultural administration and establishing schools. He spent the early 1950s as a cultural attaché for the Ethiopian government in Washington. In 1953 he returned to Canada to farm and he now runs a 1,600-acre beef and grain farm near Lethbridge. Throughout the 1950s and 1960s he was actively involved in federal and provincial politics for the Social Credit party. But he became increasingly frus-

trated by the voting delegates, who represented a cross section of the society—some displaying fear and loathing, others filled with a naive, well-meaning solicitude to right the regional imbalance in Confederation—were left to choose between the two men, both of whom claimed they would draw a groundswell of support that would sway Canadians. In the end, Kesler stood triumphantly on the stage. His wife, Kay, was at his side as a thousand red, white and blue balloons showered down on the delegates. After the other four candidates were eliminated on the first ballot, Kesler defeated Thompson by a vote of 284 to 244 at the end of a tense second balloting. The two men shook hands, waving to guests as they had in Okla-



An all-candidates meeting: voter discontent in making Alberta Tories nervous

trated with the regional imbalance in Canada's governing structure and joined the West Fed movement in 1969.

Last February it was Thompson who was first approached to run in the Okla-Delbert by-election. He declined. Instead, Kesler ran—with some reluctance and only as the basis that Thompson would act as his campaign manager. They made a good team. Then, in early May, when the party's internal backing broke into the open, Thompson began thinking about running for the WCC leadership himself.

A quiet, unassuming introvert, Thompson ran on the "party" theme, contending that it was the only leadership approach who could unite the party's disparate elements while appealing to all segments of Alberta's society.

DeLaurier—to win the next provincial election. Kesler, armed with a slate of local policies—providing a measure on home fireworksmen, reduced mortgage rates, reduction of oil and gas royalties, movement toward eliminating compulsory restrictions and bilingual labeling, removal of compulsory vaccine except for the aged, the return of capital punishment and the right to keep and bear arms, and maintenance of a free press—called on the delegates to draw together to meet the next challenge. As they cheered and cheered in celebration, Kesler predicted that Peter Lougheed would be "frustrated to death" and that he would call an election immediately.

With Malcolm Gray in Vancouver

## A bureaucrat into the cold

His four children have inherited him: Roger Gossop and Amy Chisholm have been friends since baby-handed negotiations such as, "Good luck—you'll need it." And Thomas D'Arcy (Tedd) Finn—a bureaucrat who has been pushed into the cold—now routinely reassures everyone that he is looking forward to the challenge. Finn's unexpected elevation to head the phased-inlet security-intelligence agency has shaken Ottawa out of its summer doldrums and into a buzz of curiosity about the cold-shouldered, very behind-the-scenes spook.

The announcement, which has given rise to suggestions of high-level intrigue and focused attention on the integrity debate in establishing the security agency. The need to appoint a man as was accorded by Ottawa in August, 1981, after a stunning four-year probe into how insiders in the security field and elsewhere by the McDonald commission. The three commissions concluded that the Minister knowingly and systematically broke laws. And they urged the federal government to switch security service operations away from the secret to decrease the paramilitary atmosphere.

As a result, the government promptly appointed justice department lawyer Fred Gibson to head a transition group studying the creation of the agency, and it was generally assumed that the thoughtful bureaucrat would become chief spy when Parliament passed the required legislation. Instead, Gibson was promoted to deputy solicitor general when Finn was promoted from his Privy Council Office as assistant secretary to the cabinet for security and intelligence matters. In the shuffle, the former deputy solicitor general, Pierre André Desrosiers, was slated into a post as personal adviser.

The shuffling stirred speculation that Clerk of the Privy Council Michael Pitfield was trying to cement his control of the security agency by slipping his protégé into the top job. Some insiders also pointed out that Gibson had been insisting that legislation to create the agency should clearly spell out the extent of a spy's duties and power. Known-edible sources say that this attitude damaged some PCO officials who want the legislation to be as obscure as possible. It appeared unlikely, however, that Gibson's stand was the decisive factor in bringing about the change. The former deputy solicitor general was apparently seeking a job change after the tedious years of coping with the



Finn wary of dramatic pronouncements

McDonald commission.

In the end, Gibson was given a clear promotion and Finn remained as a logical choice for the security job because he had headed the cabinet committee and Prime Minister Pierre Trudeau on security matters for almost five years. "Someone who has seen the cabinet committee operate and who knows what members would like to know is what is needed," insists one security insider.

It is also unlikely that Finn will ever believe as a mere PCO man despite his deep bureaucratic roots. The 46-year-old lawyer has spent the past 11 years in government jobs, but friends insist that he is a "mild, T. S. Eliot," a down-to-earth, modest man. A fellow lawyer swears that Finn, a devout Catholic, would quit before he allowed the government or the agency to compromise his integrity. And Finn himself maintains that his agency must have a clearly defined mandate. "So it will be clear that the exercise of power will not result in breaches of the law—they will

have to be subject to the proper controls." He says that the three must draw new recruits from business and non-union circles to ensure that operations understand "what is and isn't legitimate political dissent—we are going to have a sophisticated and knowledgeable group of people."

The eldest of five has his own job description. He is the fifth generation of a legendary Ottawa Valley Irish family—and he is polite, mild and wary of any dramatic pronouncements. He carefully shields his family from any publicity. He smokes cigars, sips wine, listens to the Blues, reads and some spy stories, such as the new James Bond adventures. Gibson himself (7'6" and 250 lbs. well?) He is also an amateur—slicing, golf ("I'm losing"), tennis, squash and juggling. And he pattern is a small backyard vegetable garden, idly dreaming of the day when he will own a farm.

Finn's first challenge will be winning over the opposition critics, who are surprised that the Liberals have ignored a McDonald commission recommendation that both parties should be consulted before a security chief is chosen.

"They [the government] repeated the same argument since they they performed when they appointed Gibson," charged NDP MP Bernard Robison. "Nevertheless, I do hear that Finn is not a gutless wonder and that if he feels something is wrong he will stand up forcefully against it to his political masters." Former Conservative advisor general Allan Lawrence says that the Trudeau government has traditionally made all major political decisions about security from the Privy Council Office. "As long as Trudeau is there and Pitfield is there, they're calling the shots," he agrees. "And with a guy like [Robert] Kaplan as a solicitor general, I'm not sure that's such a bad idea."

After he has sorted his errors, Finn must also tackle the tough chore of steering Gibson's roommates through the scrutiny of the cabinet security and intelligence committee and then the full cabinet. The paper apparently deals with such pressing security questions as the line that must be drawn between political security and political interference. The issues are expected to be presented to the cabinet committee in early September.

Both the cabinet and Finn will face complex moral problems. Finn is aware that he has stepped into a minefield that "demits your energies." But, despite the history of past mistakes, he still maintains that he again will uphold the law. "We must not let the law be devalued [Upheld the Right]—because their rights and duties will finally be spelled out." —MARY JARVIS in Ottawa.



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Palestinians taken prisoner by Israelis in Beirut; Israeli gunner in museum (right): the future seemed almost as threatening

## WORLD

# After the battle, an uncertain peace

Inside Beirut's battered municipal sports stadium, the scene of so many Palestinian military rallies, there were tears, songs and Hawaiian-style leis of gardenias. Along the shell-scarred streets there was a thunderous salute as the emblems of Palestinian guerrillas fired their fanfares of automatic rifles, rocket-propelled grenades and automatic sounders. Songs carried by the crowds echoed PA's motto: OK, not and more in some concrete. But as the first convey of 400 Palestinian guerrillas, many from Iraq and Jordanian contingents, sailed aboard the car ferry *Sol Georgios* for Cyprus, where 100 hospital beds were readied for the most seriously injured, it was clearly the end of an era.

The 400 were the spearhead of some 15,000 PLO members and their families—possibly as many as 60,000 people in all—who will leave the city in the next two weeks under the protection of 5,000 French, U.S. and Italian troops. The first paratroops of the Fresh Foreign Legion had disembarked only hours before the evacuation began, taking up positions in the port area. Their arrival was not without incident. As they deployed, they found Israeli armored units still in position and Lebanese detachments that it was supposed to

have replaced the Israelis still waiting to do so. After asking the Israelis to withdraw immediately, a French colonel told a Lebanese officer to bring up the rest of his men. "They'll kill us if we come in," said the Lebanese. "Go on, do it, do it," the colonel ordered. Rebe-

## The evacuation agreement did not manage to reconcile Israel with the aspirations of 4.5 million Palestinians

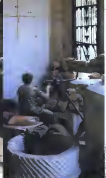
tantly, the Lebanese obeyed.

Relief that the long-awaited evacuation was finally under way was tempered by the realization that the move will do little to solve the basic problems of the Middle East. As the guerrillas leave their new exile in Iraq, Jordan, Tunisia, North and South Yemen and Algeria, they left unresolved the second and more difficult stage of the disengagement process—the withdrawal of all other troops from Lebanon, including an additional 10,000 Palestinians in the north and east of the country, 20,000

Syrian troops in the Bekaa Valley and some 65,000 Israelis.

The evacuation agreement also halted the wider question of a homeland for the 4.5 million Palestinians, including 1.8 million in the occupied territories of the West Bank and Gaza. U.S. officials were hoping last week that the devastation in Beirut had shaken up the Middle East so dramatically that amid the ruins there would be a new willingness to compromise. Some influential U.S. senators favored pressing Israel for concessions—perhaps over the contentious issue of Jewish settlements on the West Bank. But so far there have been no signs that the Reagan administration shares their view, or even that it has succeeded in reconciling the conflicting relationships with Israel and the Arab states sufficiently to formulate a detailed policy of any kind.

Last last week Secretary of State George Shultz is reported that "with the bloodshed and the damage done in Lebanon freshly in people's minds, it is time to work hard at a peaceful solution to the Middle East's problems." But he avoided attempts to push him into specifics, apart from repeating the view he expressed at his press conference last week: the Palestinians will have to be represented at talks about their future



and that Israel will have to receive adequate reassurance that the Arabs accept its right to exist.

Without some new flexibility, certainly, the Palestinians and Israelis remain far apart. Israel and the United States are anxious to work out a solution within the framework of the Camp David accords. But local Palestinian leaders on the occupied West Bank remained opposed last week to the limited autonomy such a plan would offer them (see box). Israeli leaders say the Palestinians oppose the Camp David plan only out of fear of the PLO. But the Palestinians insist that their objections are their own and that Israel is trying to prevent them from getting their message across to the world.

Israel's sensitivity over the future status of the West Bank and Gaza surfaced last week when it refused to grant Israeli documents to two moderate Palestinian leaders who had been invited to Washington to appear on a TV news program. One of the men, Rashid Shawa, mayor of Gaza until he was dismissed by the Israeli authorities last July, accused the Israeli government of trying to annex the West Bank and of being uninterested in solving the Palestinian problem. "Otherwise it would not object to a person going there [Washington] to the general United States public could know the point of view of people in the occupied land," he declared.

The evacuation was creating new dilemmas for other participants in the Middle East drama. In Cyprus, officials were eager for the PLO to move on before the island became yet another hot-

## The elusive grail of autonomy

In the PLO began to surrender its base in Lebanon, Israeli officials were saying that they now desire "a new movement" among Palestinians on the West Bank. Israeli leaders say the Palestinians in that area now favor talks on a settlement based on the Camp David "understanding." Last week Michael's next correspondent Eric Silver in the occupied territory is examining the mood there. His report.

Ever been held between local Palestinian leaders and Israeli occupation authorities. But speculation that the Palestinians are prepared to negotiate their future status separately with Israel or to support the Camp David autonomy talks still seems premature. Nor is there any clear sign of acceptance of Washington's campaign to revive Jordan's role in the Camp David process. Instead, Palestinians on the West Bank and in Gaza are depending increasingly on Egypt—which has called for a solution based on self-determination. "So the question is the east."

Support for PLO involvement in a negotiated settlement is still strong. Says Haneen Abu Ghazaleh, a radical member of the Nahdha town council:

"Both parties have reached a position where neither is able to eliminate the other. We look forward to a rational dialogue between the PLO and Israel on the basis of a Palestinian state in the West Bank and Gaza Strip, with East Jerusalem as its capital, on the one side, and Palestinian recognition of Israel's nation (to June 1967, borders, on the other."

Another Palestinian nationalist, Tala'eh Mayaw Hafez Hassan, cautions that there must be a new emphasis on seeking a political solution. But he insists that West Bankers must show solidarity with the PLO. Israel, he contends, has nothing to offer local Palestinians, who have already rejected the autonomy plan. Amr Shubadeh, a leading Ramallah lawyer, first appealed for a compromise peace six years ago. The plea fell on deaf ears. Last week he renewed his call. "The Palestinians feel that they have been broken," he said. "We need that the Arab world is not a state. It is not giving us citizenship. We are still considered Palestinians. The only way for us to go back to our country [Palestine] and live in peace, with full rights and not just as residents." But Shubadeh

was unwilling to predict whether the Palestinians on the West Bank and in Gaza would take the first step in achieving that objective. "I would rather see the initiative taken in accord with the other Palestinians living abroad. If we find in that, we shall have to reconsider," he said.

Bethlehem Mayor Elias Freij, another veteran peace campaigner, expressed concern that as Israeli settlements grow on the West Bank, the chances of any kind of Palestinian homeland are slipping away. "The Palestinians should now concentrate on a political solution," he said. "We Palestinians planted in the soil of Palestine should be given a significant role. But we cannot take on initiatives of our own. We have to wait and see what happens to the PLO. Then, a nucleus of people here will have to meet among themselves." Freij said he knows the appropriate Palestinians to approach. "But I'm not making any moves now," he declared. When would the time be right for making such an approach? "It depends on many factors, but we cannot stand still," says Freij. Clearly, time is short, both for the Israelis and the PLO, to move toward an agreement.

Angry Palestinians: the emphasis has shifted



disgraced Jordan's King Hussein, who expelled the PLO in 1970 after a bitter civil war, feared that the return of the guerrillas would only revive nationalist sentiment among the country's 300,000 Palestinians. But the Beirut settlement may have its most powerful impact in Egypt. President Hosni Mubarak is worried that the Israeli assault on Beirut has so offended Muslim feelings that his political survival now depends on disowning himself from the evacuation. Consequently, he has refused to accept any guerrillas.

In Washington Shultz said he is disappointed that Egypt would join in the peace process. But Mubarak has been stung by charges made by Arab newspapers and radio stations—particularly in Syria—that the Israelis never would have moved into Lebanon had it not been for former Egyptian president Anwar Sadat's secret deal with Israel at Camp David. Among ordinary Egyptians, recent reports from Cairo suggest, the reaction to the Israeli invasion has been a renewal of the traditional hostility.

The departure of the Palestinians has failed to solve the appalling problem in Lebanon itself. Increasing Israeli bombing of refugee camps in the southern outskirts of Beirut have left them untenable, and some 60,000 refugees are now homeless. In Lebanon as a whole the figure is about 250,000. The United Nations Relief and Works Agency (UNRWA), which looks after Palestinian refugees, is trying to assemble 10,000 tents before the rainy season begins in October. But the head of UNRWA, Sweden's Olof Rudbeck, says that by looking practically all of its schools closed and installing its military army has "wiped out" 22 years' work.

The departure of the PLO also leaves Lebanon's Muslim population fearful that they will have little protection from their old adversaries, the Christian Phalangists. In southern Lebanon, there have been reports of Phalangist militiamen stealing cars and furniture from Muslim citizens, and last week they seized a kindergarten used by Muslim children.

As the evacuation continued, it seemed unlikely that week's end that Lebanon—or the Middle East—had seen the end of its troubles. The guerrillas are determined to keep alive the idea of a Palestinian state. As one 30-year-old who holds a degree in mechanical engineering from the American University in Beirut, put it, "We will keep our guns, either in secret or in our hands."

With Nicky Hight at the UN, General Janetzki made in Washington Linda McMahon in Brussels, Eric Suter in Beirut and John Wright in Beirut.



Peace protest in Warsaw's Victory Square: a resounding call for a nationwide protest

## POLAND

### A return to defiance

In a Warsaw, hidden protesters defiantly showered leaflets from the rooftops and young people shouted insults at government dignitaries. On the Baltic coast shipped workers laid flowers as monuments to their fallen comrades by themselves the incident seemed no more than a prelude doomed to deflection by the armor plating of Poland's martial law system. But, taken together, last week's scattered protests against continuing army rule appeared to pose a major problem for Poland's leader, Gen. Wojciech Jaruzelski.

The authorities took place only three days after riot police quelled protests in Warsaw, Gdansk and two other large cities. And the incidents appeared to signal that growing numbers of Poles now are prepared to get inside their fear of the security forces to openly challenge their rulers. That new mood of defiance, as Poland marches through its sixth month of military rule, is expected to peak on Aug. 31, the second anniversary of the Gdansk Agreements that led to the founding of the Solidarity trade union movement. To mark the event, Solidarity activists who engaged the police in August when Jaruzelski introduced martial law in December last week called for a resounding, nationwide protest.

The authorities showed every sign of taking the call seriously. Although they had attempted to minimize the importance of the

turbulence earlier in the month—despite the fact that 10,000 people demonstrated in Gdansk alone on Aug. 12—they moved swiftly last week to stifle even the smallest demonstrations. Riot police moved close to prevent Catholics from laying fresh flowers on a floral cross in Warsaw's large Victory Square—a tribute to the memory of the late Stefan Cardinal Wyszyński—and the square was bounded off to prevent access. On another occasion they clubbed a group of youths who held the government's chief spokesman, Jerzy Urban. Police also stopped or random identity checks on city streets, while the feared 1980 security squads patrolled the gates of factories and manors throughout the fertile nation.

Brotherly greetings Jaruzelski the Soviets are wary



Solidarity's call for two weeks of demonstrations leading up to the Aug. 31 anniversary was contained in the leaflets dropped in Warsaw. Citizens were urged to "take the last chance to avoid ultimate disaster for the country." Protesters, the leaflets said, should be peaceful but "exceptionally visible." At the same time, in response to earlier disturbances, Poland's official media countered with savage attacks on the underground opposition—"adventurists" and "lawbreakers"—were two of the more polite terms used—and reports were printed of jail sentences and of those stopped on protesters who had been apprehended in clashes with the authorities.

Against that troubled domestic backdrop, Jaruzelski paid a 24-hour-long call on Soviet President Leonid Brezhnev at his holiday dacha by the Black Sea. The visit was previously scheduled as part of Brezhnev's regular summer consultations with East bloc leaders at his resort. But Poland's domestic unrest was very much on the agenda. The Soviet news agency TASS reported that Jaruzelski assured Brezhnev that martial law had brought "positive changes" in Poland, while claiming that a U.S.-backed "counterrevolutionary underground" was toppling government efforts to lift the country out of its crisis.

Official pictures of the meeting showed Jaruzelski wearing civilian dress, the first public occasion on which he is known to have done so. And the Soviet press carefully panned over Jaruzelski's role as martial law leader. Instead, it emphasized his function as head of the Communist Party, and the communications coverage was widely interpreted as a sign of Soviet uneasiness about reactions to the military nature of the Warsaw regime.

Jaruzelski is believed to have asked Brezhnev for further Soviet aid to help ride the country over for the next six months. Poland's economy has begun to stagger alarmingly under the twin punch of Western sanctions—imposed on Warsaw after the Dec. 13 takeover—and stiff government measures to repress and increase production.

Some mechanical engineering and textile industries, denied Western credits, spare parts and components, have slowed almost to a halt. Others are limping along on what raw materials Poland's neighbors are willing to supply. A government report issued in late July showed that overall production had slipped by eight per cent compared to the first six months of 1980. It said the shortfall would have been even steeper had it not been for an increase in coal output. The production decline has brought new shortages to a country already plagued by a dearth of materials—meat, butter, soap, clothing and

textiles. (The latest commodity to vanish from the stores is shoes.) Little relief is in sight. The government paper *Przeglad* recently quoted a trade ministry official as declaring, "There is no chance of shadowing retreating this year."

Pessimism over their economic prospects and impatience with martial law restrictions are the basis of the Poles' newest indictment of their government. And while repression is heavy-handed—66 Solidarity detainees were last week reported to have been beaten following disturbances at a camp in the

southern town of Knyszyn—there is no sign that people are in any way cowed.

The underground opposition has avowed aim in the run-up to Aug. 31 is to pressure Jaruzelski into releasing Lech Walisa, and other veteran Solidarity leaders so that labor leaders can negotiate with the government on equal terms. In the past the Warsaw authorities have been unwilling to talk to an opposition that they consider to be divided and powerless. But a crescendo of protest in month's end could lead to a swift change of mind.

—PETER LEVINE in Brussels

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## Finding one China too many



American-made Taiwan fighter jets; military supplies will be downgraded

For a president who campaigned on a pro-Taiwan platform, the moment was especially delicate. Ronald Reagan's announcement last week of an agreement between Washington and Peking to limit future U.S. arms sales to Taiwan was intended to improve diplomatic relations between the two powers while avoiding charges that the president is winking on his election pledge. A joint communiqué, signed after 16 months of negotiations, said the United States would "refrain gradually" in sales to the nationalist Chinese and second Washington from any "long-term policy of arms supplies." But the ambiguity of the carefully phrased document did not please China, which wants restrictions on arms sales to Taiwan as a prerequisite to improving relations with Washington. At the same time Taiwan's supporters in Capitol Hill described the pact as a betrayal.

U.S. military support for Taiwan has been a controversial issue with Peking ever since the first diplomatic Pong-Peng talks were served during the Nixon administration. China has long claimed sovereignty over the island, controlled by the likes of Chiang Kai-shek's Kuomintang government, who fled there after the 1949 revolution.

Peking agreed unconditionally to last week's communiqué, but the official People's Daily newspaper said that "the clouds hanging over Sino-U.S. relations have not completely cleared away." The reason for the cool reception

echoed by a traditional ally, Senator Barry Goldwater, who called the communiqué "a doublecross." And Senator John Glenn, an Ohio Democrat with an eye on the 1984 presidential race, criticized what he described as "an arms sales formula negotiated under Chinese threats of retrenchment of U.S.-Chinese relations." Other senators are expected to introduce amendments to the executive order.

Reagan's sensitivity on the issue was reflected in a call he placed to Sen. News after ambassador Dan Rostenbly had referred to the conservative newspaper's criticism. A "faked all" president was quoted as saying: "There has been as much as we will continue to arm Taiwan. We have a moral obligation to Taiwan." To reinforce that message, Reagan sent John H. Holdridge, assistant secretary of state for East Asia and Pacific affairs, to brief Senate and House leaders on the details of the pact. The communiqué's wording, Holdridge insisted, is consistent with the Taiwan Relations Act, a statute passed in 1979 after Washington recognized Peking and severed official ties with Taipei. Under the act, the United States is committed to supplying military equipment "in such quantity as may be necessary to enable Taiwan to maintain sufficient self-defense." Holdridge added that the United States could respond "swiftly and rapidly" if China threatened Taiwan. In Washington's strategic view, any aggression across the Taiwan Strait would represent a threat to the entire western Pacific.

But U.S. military supplies to Taiwan will almost certainly be downgraded. And an immediate casualty is likely to be the sophisticated F-16 fighter, which was processed during Reagan's 1980 campaign. Instead, Reagan announced,

the F-16's Copeland and Taiwan will continue coproduction of the less advanced F-5E. But Peking warned that even that agreement may keep its relations with Washington in a limbo, throughout the arms negotiations, the U.S. ambassador to Peking, Arthur W. Hummel Jr., managed to convince Communist and Kuomintang representatives of only one thing: Washington is firmly committed to a one-China policy. The question of which one is a riddle that Washington hopes the Chinese themselves will answer.

—GARY LUTHEWALDE in Washington

## ZIMBABWE

## A slow slide toward anarchy

Obviously, the deaths were portrayed as the work of armed robbers involved in an isolated attack. But as an Anglican priest presented a eulogy over the coffin of a British tourist in Harare last week, the message in Zimbabwe was that these murders confirmed the growing suspicion that a pattern of violence is unfolding across the nation. Only two years after the bitter 15-year independence struggle ended, the long-standing rivalry between Prime Minister Robert Mugabe and his erstwhile comrade-in-arms Joshua Nkomo is seriously alarming those who believed that black majority rule would bring lasting peace to the former rebel colony of Rhodesia.

Until last February the rival forces of

them down during the years of guerrilla warfare. Well-armed and supported by the local people, the rebels have launched a series of minor, but unrelenting, raids on civilians and the military. More than 60 people have been killed, including six white farmers. Last month a small gang opened fire on Mugabe's residence in Harare. In the latest incident a group burst into a crowded beer hall, killed five drinkers, and injured eight others before fleeing with the night's takings.

Government forces have been deployed in various efforts to mount an effective counteroffensive by the remnants of the dissidents' base in the western province of Matabeleland. As a result, Mugabe's troops have been unable to



Zimbabwean soldiers searching a suspect, Joshua Nkomo, since February 4, 1980. Many have deserted the army.

books are more than 100 miles away. Mugabe's ZAPU and Nkomo's ZANU appeared to be operating jointly—although secretly. Militarily, their guerrilla armies seemed to be integrating with former Rhodesian troops to form a national army. Zimbabwe was enjoying multiparty democracy and, despite the reservations of embittered whites, it was hailed as the new jewel of Africa. Then, Nkomo's minority ZAPU party was discovered stockpiling Soviet weapons left over from the guerrilla wars. In February Mugabe accused Nkomo of plotting an armed coup and he banished him and his supporters from the coalition government.

Since then, skirmishes have broken out regularly among rival military units. At the same time, at least 1,000 former ZAPU men have deserted the national army, most of them heading east to seek work areas where even Ian Smith's crack forces had failed to track

them down during the years of guerrilla warfare. Well-armed and supported by the local people, the rebels have launched a series of minor, but unrelenting, raids on civilians and the military. More than 60 people have been killed, including six white farmers. Last month a small gang opened fire on Mugabe's residence in Harare. In the latest incident a group burst into a crowded beer hall, killed five drinkers, and injured eight others before fleeing with the night's takings.

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books are more than 100 miles away. Mugabe's ZAPU and Nkomo's ZANU appeared to be operating jointly—although secretly. Militarily, their guerrilla armies seemed to be integrating with former Rhodesian troops to form a national army. Zimbabwe was enjoying multiparty democracy and, despite the reservations of embittered whites, it was hailed as the new jewel of Africa. Then, Nkomo's minority ZAPU party was discovered stockpiling Soviet weapons left over from the guerrilla wars. In February Mugabe accused Nkomo of plotting an armed coup and he banished him and his supporters from the coalition government.



down. The escalating sectarian violence has outraged the public, spurred a white exodus, and threatened the country's valued tourist industry. But if Mugabe fails to ease the political and military chaos, he will face more than a troubled economy. He risks provoking a serious disintegrating from lightning even as it boils from the pre-independence war. —NICK WOODS in Harare

## A seismic local revolt



Botha: the dysfunction might be a forerunner of a profound shift away from reform

On the surface the event was hardly unexpected: a by-election for a vacant seat in one of South Africa's provincial councils. Still, many of the major changes in South African political life have begun with by-elections outside its predictable places. In 1984 a victory over the legendary Jan Smuts's South African Party (later, the United Party) in the obscure Transvaal hamlet of Wakkerstroom launched a successful attempt by the Afrikaner Nationalist Party to enter government for the first time. And an earlier triumph in from Transvaal's Germiston district, last week, too, might be a precursor of another profound shift.

It may well have been. The ruling Nationalists scrapped hope with a majority of 501 votes over the Conservative Party, having five months ago by breaking Transvaal leader Andries Treurnicht. But the result revealed a massive revolt within the Afrikaans community, which dominates South Africa's whites-only political system.

For Prime Minister Pienar Botha, the by-elections raised serious concerns. His National Party candidate polled 1,328 votes fewer than the combined total of the Conservative Party and the older Herstigte Nasionale Party (HNP), an even more right-wing organization. By week's end the Conservatives and HNP were showcasing the possibility of forming some kind of alliance. If they succeed, scores of safe government seats may suddenly become marginal.

Indeed, the situation may be even worse for the government than a crude application of last week's voting figures on a national scale would indicate. Ger-

manico is not an ideal constituency for the far right. It lies in the industrial heartland of Witwatersrand. Opinion surveys show that the Conservatives and HNP are strongest in the rural "Ficksburg" (Gatburg) There they also benefit from a quirk of the parliamentary system: the ratio of constituencies to voters is higher in country areas than in cities. As a result, most analysts agree that if a general election were held now the government would have held one less seat.

The government is not only being challenged from the right. Another even more obscure by-election held on the same day for a Pretoria municipal seat showed the Nationalists once more winning a Pyrrhic victory. They lost ground to the independent Progressive Federal Party (PFF) and the HNP.

The main cause of what the Nationalists increasingly view as an alarming reversal in the government's attempt to reform the country's apartheid system. Such's recent proposal to extend political rights to the colored (brown blood) and Asian minorities (though not to the African majority) is part of that program. It is a hopelessly cumbersome arrangement in which the whites, coloreds and Asians will have separate legislative chambers, while real power remains firmly in the hands of a white executive president and his ministers. As a result, it has been dismissed as inadequate by most coloreds and Asians and by the PFF. The Conservatives, meanwhile, reject it as a dangerous breach of the political order by a white executive president and his ministers.

The outcome of the current conflict in

divided by uncertainty. It might be needed by the establishment of a more moderate government. But it could also lead to a more reformist one. PFF leader Fredrik van Ryl Shabbert last week launched a campaign to secure the balance of power. And he claimed that with the Nationalists vote cut in half his party could add 23 seats at the next election to the 37 seats it now holds, enabling it to dictate terms to a minority Nationalist government.

But in the short term the Nationalists are likely to try to move to the right to keep the hemorrhage of their support. That could mean a break in further attempts at reform, a reluctance to cede control over the neighboring black-ruled territory of Namibia, and, perhaps, another round of security scares with tough new measures to show that the government is in control. Similar tactics have gone, the Nationalists a recipe in the past. But in the long run it may be impossible to patch together Afrikaner unity.

—ALLISTER SPAIN in Johannesburg

## IRELAND

### Rebuked for keeping a friend

Ireland's malleable prime minister, Charles Haughey, was almost at a loss for words "Stuarte," "indefensible," a "grossly mischievous," he spluttered. The prime minister was responding to a discovery made by armed detectives who called at a luxury apartment in south Dublin while hunting for a man suspected of two lethal killings which had shocked the public.

In the apartment, in Dublin's fashionable Daltry suburb, the police not only found the fugitive, Malcolm McKearney,

Murder suspect McKearney under (bottom) Connolly (right) sheltering a wanted man



thru, 36, but they also found his country's attorney general, Patrick Conolly, 50. Ireland's most wanted man was a guest at the home of his chief legal officer. Moreover or not, it led—three days later—to Conolly's resignation amid scenes of high political drama. And Opposition Leader Garret FitzGerald cut short a holiday in France to lead the charge.

Afterward, it appeared that Conolly had no idea that he was sheltering a wanted man. Indeed, opposition politicians believe that it was Haughey's handling of events that turned friends into enemies and raised the career of one of the country's most respected lawyers. They were incensed that Conolly was allowed to proceed as a holiday in the United States the day after McKearney's arrest. Then, as rumors swept Dublin and foreign newsmen descended on the capital, Haughey asked Conolly to return to Dublin for talks.

Speculation reached a peak as Conolly flew to London and then on for a midnight get-together at Haughey's baronial house in north Dublin's Malinbeg district. The meeting ended with Conolly's resignation. Afterward, Haughey claimed he had asked the attorney general not to go to New York. But he added that he had not wished to order him not to go. "Normally he is the one to whom I would turn for advice in circumstances like these," the prime minister said.

But opposition leaders also wondered about Conolly's relationship with McKearney. The co-attorney general said that he had known the accused man for 15 months and knew he was a danger to his family. For his part, McKearney was familiar enough with the ex-minister to take a ride in the attorney general's official car with its police escort.

Previously, even some government ministers questioned the wisdom of a man in Conolly's position taking in someone regarded as a dropout, who frequented gay clubs and centers in Dublin. But Haughey rejected demands by Labour Party Leader Michael O'Leary that Parliament be recalled to debate the case.

He claimed that all the relevant facts will emerge when McKearney stands trial for shooting a farmer and his brother last year as he snatched an Irishman in Dublin's Phoenix Park. The public can only wait and wonder—and keep the investigation alive.

—BRIGIAN KIRKIN in Dublin

## PORTUGAL

### The revolution closes an era



Eanes before he held office, integrity

The exiled former Portuguese president, Gen Antonio de Spínola, still maintains his rigid military bearing but he refuses to make public statements.

The eloquent, egotistical "Red Admiral" Antonio Boto, Carvalho is unlikely to tread a warship's deck again. For his part, fire-breathing army Maj. Otelo Saraiva de Carvalho has retired quietly near Lisbon. For all three men, it is a painful change of roles. In the first 10 days following Portugal's April, 1976 revolution they played leading roles in a struggle for ascendancy. Then they were shunted aside and they will soon be joined in their obscurity by 19 members of the Council of Revolution, closing a dramatic chapter in Portuguese history.

The council, led by President Antonio Ramalho Eanes and composed of 19 military brass, acted as a watchdog over the "spirit" of the revolution. One of its main tasks was voting legislation considered to be unconstitutional. But under a revision of the constitution approved by parliament, the council is to be dissolved and politicians will no longer have to tolerate the controlling hand of the military. When the changes are published within the next three weeks, the soldiers will finally return to their barracks and the comparatively

bloodless transition from revolutionary dictatorship to democracy will be completed.

From Minister Francisco Pinto Balsemão's center-right government, the new system will lead the way to the establishment of a more open, market-oriented economy. The old constitution virtually held governments in a secular straitjacket, enshrining the principle of indivisibility and prohibiting decentralization. Pinto Balsemão plans to introduce private banking, sell state-owned shipyards and other industries, relax labor laws that make it difficult to dismiss workers, and curtail the debilitating large estates owned under the revolution.

Still, Pinto Balsemão faces powerful challenges that could force him from office soon. The 65-year-old former newspaper editor, who took over 20 months ago after his predecessor, Francisco Manuel de Gouveia, was killed in an air crash, is under fire from the conservative wing of his coalition for being too moderate. Earlier this month his own news weekly, *Expresso*, ceased his further embankment when it revealed that his government had approved a South African plan to stage a coup in the former Portuguese colony of Angola. Then, last week, socialist Opposition Leader Mário Soares called for his dismissal and new elections.

Pinto Balsemão's stoic face is clouded still further by his difficult relationship with President Eanes. Their most recent sharp clash took place after Pinto Balsemão's abrupt decision earlier this summer to close the heavily subsidized state news agency—a decision that cost him his membership in the country's conservative *Expresso*. An angry Boto threatened to withhold his approval of the closure, although it is uncertain whether or not his powers would enable him to do so.

However, Eanes could be Pinto Balsemão's nemesis in any case. The president, the first supporter of the revolution already threatened to quit if parliament tries to restrict his authority and he may now feel that the time has come to launch his own political party. If that happens, he could expel his voters' respect for his integrity and his refusal to be involved in personalist democracy party battles. For these parts, many Portuguese would welcome a new hand at the helm as the country lurches uncertainly toward entry into the European Community next year. Eanes' most active involvement in the nation's politics may still be in the far past.

—DAVID RADIN in Lisbon

# An attempted cure for Mexico's ills

By Shona McKay

For years the topic was relentlessly upbeat. Discoveries of huge oil reserves throughout the latter half of the 1970s had rekindled Mexico out of the Third World and onto a plane where it was being courted by some of the world's wealthiest nations. Under the influence of President José López Portillo and the revenues from petroleum exports, the Latin American country pushed forward into an unprecedented era of expansion. Railroads were built, port facilities were enlarged. The annual economic growth rate of 1.7 per cent in 1976 climbed to a heady eight per cent between 1978 and 1980. In four years four million jobs were created. Halfway through his term of office in 1978, López Portillo proclaimed, "The outlook for our country is brilliant." Three years later the brilliance has lost its lustre.

Last week marked the culmination of one of the worst financial crises ever to hit Mexico. With its country owing \$86 billion and hemorrhaging from a severe drain on dollar reserves, Mexican Finance Minister Jesús Silva Herzog announced that the peso would be allowed to float. To offset panic selling, he also closed the country's foreign exchange markets. But the move was ill-timed (the peso, which had risen to 26 to the U.S. dollar as recently as last February, plummeted to 100 to the dollar). Only those who could buy "preferred dollars" for real imports, or for payment of interest on foreign debt at a rate of 600 pesos, were exempt from the disaster. Twelve million dollars estimated to be in private U.S.-dollar accounts became effectively frozen. Bank customers who wished to make withdrawals were issued pesos—at 60 pesos to the dollar.

The restrictions created expected



Mexicans trying to buy booklet on currency rules; lost funds

shock waves. Black-bag lines snaked up to Mexico City's main pawnshop as thousands of Mexicans tried to raise money as a hedge against the devalued peso. The international financial community was also worried. "Confidence in López Portillo's financial team has completely evaporated," said one European banker who requested anonymity. "After this they won't see one dollar in the private banking system."

Recognizing the extent of the damage, Mexican government officials have spent the past two weeks circumscribing the globe seeking relief from governments and international banking agencies. Whether inspired by thoughts of a brighter Mexican future—or more likely—by the possibility of \$86 billion in devalued loans, governments and the banking community responded positively. The U.S. government, in two sep-

arate loans shall the total of which in advance payment for oil purchases, made available \$5 billion. As well, Mexico will likely obtain \$4.5 billion from the Bank for International Settlements, of which the Bank of Canada is a member. Last Friday the official team met in New York with the International Monetary Fund (IMF) and the U.S. Federal Reserve Board. Again, it was worth the effort. International bankers agreed to allow Mexico to delay repayment of \$10 billion and promised to consider lending an additional \$1 billion. At the same time, optimism grew that the \$4.5 billion which the team requested from the IMF would be forthcoming.

But whether the billion-dollar package will stop Mexico's downward slide far from clear Mexico pays the blame for its decision on international shoulders. Herzog cites the high interest rates charged on money that the nation borrowed as well as the world oil crisis.

"Nothing essential has happened to our economy," said Rafael Márquez, a spokesman for Herzog. "We are facing a liquidity problem and a cash problem." Nevertheless, some of the fault lies on the home front. Herzog's crusade for high interest rates to help the country could withstand. Arguing in industrial development has been aided by inflation. What's more, up to 50 per cent of the population is out of work. Government subsidization of energy, social services and food has reached unsustainable proportions.

Mexico's current economic plight is not without precedent. When López Portillo assumed the presidency in 1976, he inherited a country plagued by a collapsing currency, high unemployment and rampant inflation. It seems ironic that when López Portillo took office in December, everything will be as it was. With Ken Newman and Ronald Buchanan in Mexico City

## MASSEY FERGUSON



Massey's Bradford, Ont., plant asking the bankers for another reprieve

## Farm machinery out of gear

In most of the fields outside of Bradford, Ont., it seems like a carnival. August. Despite some heavy rains in recent weeks, the area's farmers are starting to harvest what appears to be an average crop of corn and other grains. But the average outside Massey-Ferguson Industries Limited's factory complex tells a different story. Beside the clean assembly buildings sit rows of red combine harvesters that nobody wants to buy. The opening in farm equipment sales this year is not happening, and the entire industry is feeling the pinch.

Clearly, the industry's Canadian sales decrease (members are down 39 per cent) is largely the result of two familiar villains: high interest rates and the general economic malaise. But the tractor and combine makers have some additional burdens as well. Among them: a collapse of farm commodity prices. Farmers who are receiving only \$2.16 for a bushel of corn that cost \$3.71 to produce are not likely to seek out their local equipment dealers when the current harvest is finished. Says Bruce Blaney of the Canadian Farm and Industrial Equipment Institute (CFIEI): "Commodity prices are a major issue at this point."

But, as the industry completes its third straight year of weak performance, the dealers are looking to set their sights on the ability of all 115 members to survive the current crisis. Despite \$200 million in government guarantees,

massive layoffs and cost cuts, Massey was expected to announce further losses this week (since 1976 the company has lost more than \$354 million [U.S.]). The firm's once talkative chairman, Victor Eise, now speaks infrequently while he and other Massey executives make a case to the firm's banks for another reprieve. They want the banks to take additional shares in the troubled company and forgive its \$1.21 billion in debts.

While the bankers consider the plan, hard times are on for Massey's employees. Last week a two-month layoff and vacation shutdowns affecting 2,500 workers in Bradford and Fergus were extended indefinitely. At the same time no date has been set for restarting Massey's tractor assembly line in Detroit, which have been silent since May.

Here is not the only farm equipment executive going cap in hand to his bankers. In an effort to avoid bankruptcy, Chicago-based International Harvester Co. has asked 300 lenders for commitments on \$4 billion worth of loans while it attempts to get its house in order. Shortly after announcing the first details of its reorganization plan last week, Harvester posted a \$250-

Peterson's tragedy



million third-quarter loss and predicted that this year's total deficit could reach \$1 billion. With about 3,000 workers at the company's Hamilton, Ont., implements plant off the job, Harvester's Canadian operations president, Charles Macrae, in the face, avoiding publicity. All that makes Jim Peterson, president of John Deere Ltd., a little more raised. "It's just a tragedy what's happening to those people," Peterson draws from his Grimsby, Ont., office. "It's just a case of a word." The profits of Deere's U.S. parent company have plunged 70 per cent, but the company is still in the black to the tune of \$37 million. Peterson, a North Dakota native, describes his less fortunate industrial peers as "friends" but he does not hold out much hope that they will overcome their current difficulties. "What is happening is pretty surprising or alarming to someone outside the industry," he says, "but it isn't that different from the industry's long-term evolution." Indeed, the CFIEI notes that the number of Canadian farmers is "rapidly decreasing" while the amount of land under cultivation continues to grow.

In the end, that will mean lower unit sales of farm equipment as farmers—faced with labor shortages—swiftly to larger, more productive machines. For Deere, a combination of high customer loyalty, a strong dealer network and efficient planning have enabled it to survive in the current storm. But while Peterson does not want any of the competitors to disappear, he is firmly opposed to government attempts to keep them afloat. "The Canadian government and the Ontario government are not going to want to bail them out back loans," he says. "You know what's going to happen? It isn't going to work."

But one or more of the current makers as the way of the defunct John Deere Plough Co., that does not mean that fewer firms will be fighting for a piece of the North American market. Over the past 10 years, Japanese tractor builders have taken over the number-one horsepower position in fact, all of the majors. Deere declined, while their small tractors from the mid-1960s—smaller than the North American companies' offerings—than sold them here. Peterson says that many people in the industry new wonder what further moves the Japanese might make of a North American firm. With thousands of jobs and billions of dollars at stake, Peterson hopes that it is a question that remains unanswered. —IAN ALLEN in Toronto.



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# The flash of hope

By James Fleming

A frosty air pervades the dimly lit interior of the Clark Room, a small bar only a few steps from the Toronto Stock Exchange building. Frequented by brokers and floor traders, the lounge has been the venue for a great deal of conversation in recent months over the dismal performance of the markets. But last week a new sort of optimism was injected into conversations that had previously been devoted to losses, driftnets and suicides. Although reluctant to let their hopes run freely to be dashed again, traders acknowledged that a new set of factors may finally have arrived. Said Robert Danbar, a trader for the Toronto brokerage firm W.D. Lumsden Company: "Yesterday I made \$4,000, and that's the first money I've made since last October."

That flicker of hope, however fragile, struck a responsive note with analysts, economists and consumers last week. A wave of record-breaking rallies on world stock exchanges from New York to Tokyo was heralded by some as the return of bull markets. Not only that, but the accompanying surge in trading raised the question of whether it preaged the long-awaited end of the worst world recession since the 1930s.

The upsurge began on Tuesday on the New York Stock Exchange when the Dow Jones Industrial Average hit up a record 38 points and the market value of publicly listed U.S. companies soared by nearly \$44 billion (U.S.). That set the tone for a week of frenzied, fantastic trading that few brokers decided on a "chagrin in great," in which half a dozen all-time financial market records were shattered like china in a balling. At 1:38 p.m. on Wednesday, Aug. 16, when the number of shares traded on the NYSE passed the 100 million mark for the first time in a single session, traders, speculators and floor-sweepers cheered, whooped and whined in unisoned joy. The next day's 78 million share trade seemed almost anti-climatic in comparison. But by closing bell on Friday, the Dow Jones Industrial Average had risen 85.30 points, topping the previous record set in October, 1974.

The shock waves of New York's explosive rally spread throughout the world, driving up the Toronto exchange index 32.9 points on Tuesday and triggering the best week's rally on record. The euphoria also caught hold in Montreal and

Vancouver. And on the London exchange, the Financial Times Industrial Index, ported by a total of 38.4 points in two days of trading, the largest increase in seven years.

The stampede reflected the growing belief that the recent decline in U.S. interest rates may continue—laucating a financial strategist that has considered the entire world economy since 1979. That hope was buttressed throughout the week in a series of moves by the Reagan administration, Congress, the Federal Reserve Board and major U.S. banks. Following two earlier drops in the past month, the Fed showed its discount rate, the interest it charges banks on loans, to 10.5 per cent, the lowest level in nearly two years. Led by Bankers Trust, the largest banks followed by slashing the prime to a range

*In a display of herd instinct, the mood of skepticism changed abruptly following the gurus' pronouncements*

of between 11.5 and 14.5 per cent, down more than seven points from last year's peak rates. Signs of relief echoed throughout international money markets, particularly there in Canada.

Then, moving to sympathy, Canadian banks slashed overnight rates at mid-week to the 17.5 per cent range. And on Thursday the Bank of Canada dropped the bank rate by almost a full percentage point to 14.5 per cent, triggering a drop in the prime to 16 per cent, the lowest level in 20 months. Not only that, but the plunge in U.S. rates and the continuing wide spread between those rates and Canada's also bolstered the fragile Canadian dollar. By week's end it had risen to 80.50 cents (U.S.).

Despite the rate cuts by the Fed, U.S. investors had remained skittish over the short-term outlook for the cost of money, fearing that a sudden resurgence in the economy would drive them up again this fall. But, in a display of the herd instinct for which the markets are famous, that mood of skepticism changed sharply on Tuesday, Aug. 17, following the pronouncements of market gurus.

Among them was one from Henry Kaufman, the influential chief econo-



most of the New York firm Salomon Brothers. Kaufman's earlier prediction of a return to record-high interest rates had kept investors on Wall Street nervous. But in an abrupt 180-degree turn, the analyst, fondly known as Mr. Dooms, asserted that "recent events suggest that the present decline in interest rates will continue." Replicated Kaufman: "It's an early recovery in economic activity in the second half of this year is not likely." Following a similar forecast the day before from First Boston Corporation's chief economist, Albert (Dr. Death) Wapnower, Kaufman's reversal launched away the last restraints on the Wall Street bears. Said Samuel Kahane, an economist with Smith-Barney: "The psychology of the market changed completely." First, investors rushed to buy top-quality long-term bonds in order to "lock in" the still levelling rates. Then, the rally in bonds ignited an explosion in the equity markets. And by week's end many investors in the United States were convinced that the first real bull market of the 1980s was off and charging.

The Reagan administration was quick to seize the ball by the horns, turning the market's surge to political advantage in its quest for a \$96-billion, three-year tax hike. Appearing in the White House Rose Garden the day after Wall Street's biggest climb, Reagan joined his political adversary, Democratic House Speaker Thomas (Tip) O'Neill, in urging Congress to pass the measure as a means of consolidating Wall Street's "momentum for prosperity." The passage of the bill had been very much in doubt, largely because of fierce resistance to it by Republicans "hard-core" led by Congressman Jack Kemp. But, spurred on partly by the market's bonanza showing, the House of Representatives gave Reagan a narrow 258-to-207 victory, and the Senate quickly passed the bill.

In tandem with the Fed's latest move on monetary policy, the debt-financing tax boost seemed to mark exactly the sort of "mid-course correction" that Wall Street has been urging the White House to make in its policies.

Whether the change comes soon enough to avert further shocks to the U.S. economy remains very much in doubt. Filling interest rates do, of course, ease financial burdens for debt-laden companies and individuals. They also offer stocks and bonds some relief from the grinding competition of money market funds with sky-high yields. But, like a pump-out-of-business sale, the fall in rates is largely due to sheer corporate exhaustion in the near stagnant U.S. economy. "What we've

**TSE trading floor: half a dozen records were shattered this time in a bulling**

been seeing all summer," says Fred Friesel, director of investment strategy at R.F. Hutton & Co. "In the increasing capitalization of business in the reality that extraordinary expansion is really over. Companies have exhausted a real-estate-cutting drive."

Layoffs, production cuts, inventory sales and debt repayments may leave companies leaner, paid for recovery, but many already shaky firms will not be around to enjoy it. The Fed, "warns financial analyst Robert Perkins, "had better step up the process of easing (tight money). Otherwise the risk of a new wave of financial backlashes remains very real." Adds Perkins: "We are in the worst corporate liquidity crisis in the United States since the Second World War. And while long-term interest rates may be down a bit lower, they are still high enough to kill this economy."

Steepest views such as Perkins' were given added weight in recent weeks by the release of figures that showed industrial production dropping and inventories rising in July. Clearly, these indicators, as well as an unemployment rate of 8.8 per cent, helped prompt the Fed to alter interest rates in an attempt to revive the economy.

For all the gloom, however, there are optimistic signs for the U.S. economy—and consequently for Canada. Pointing to such figures as an increase in housing starts in July and the highway trade surplus in August, both Wall Street bulls and the Reagan administration agree that last week's rally was a definite turning point on the road to recovery. As business completes its retrenchment at this fall, optimists argue, it will enjoy borrowing costs that will keep up profits. The low demand of corporations for money market funds will enable the Treasury to finance still swollen deficits without triggering the return of high interest rates. Steady, noninfla-



Smart investors will curb the rate drop

one of the great booms in the history of this country."

If the optimists in the United States are correct and the New York stock market ran at last year's, however dimly, across the valley of recession, the move in favor for Canadian stock markets is. Analysts do not agree on whether or not another short, painful slide in stock prices is in store. Peter Williams, for example, who is vice-president and technical analyst of the Toronto firm McLeod Young War Ltd. believes that last week's rally was a bubble. He maintains that another decline could come abruptly before the market trend is turned around in September. Shortly McKay, vice-president of markets for the Toronto Stock Exchange, agrees. "I think that the market will have a number of false starts before it reaches bottom," says McKay. More upbeat is Pierre Colan, assistant director of operations for the Montreal Stock Exchange. Colan believes that the rally will last and that a business revival will come. Similarly, Stuart Mueller, a technical analyst with Wood Gundy Ltd. of Toronto, believes the worst is over. Says Mueller: "I don't think the conditions for a self-reinforcing cycle anymore. The market has made a base."

A major reason for the divergence of views lies in the pessimistic outlook for the economy as a whole. The latest figures on Canada's consumer performance are grim and have only added to a growing sense of despair that was manifested poignantly last week by the bitter eye-thrumbing demonstration who condemned Prime Minister Pierre Trudeau on his cross-Canada train tour. Unemployment stands at 11.8 per cent, and inflation, while dropping slightly, continues at peacefully high levels. At the same time, the manufacturing of a further 3,155 layoffs at Inco's Sudbury operation was followed closely at midweek by a Statistics Canada report showing that there was another large drop in industrial output during the

second quarter. The decline took place despite a rise in auto output of nearly 25 per cent. Concluded the report, "There is no indication that the recession will end in the short term."

Such figures stand in stark contrast to the amazing performance of the stock markets and threaten to focus the reticent glowers of hope that spring up as a result. Still, last week's developments offered undeniable relief for the Canadian economy. The drop in interest rates was certainly welcome news for consumers as well as corporations facing the worst liquidity crisis since the Depression. Moreover, if U.S. rates continue to fall as expected, further declines are also in store for Canadians. Explains Wendy Dobson, executive director of the C.D. Howe Institute. "The close linkage of the financial markets means that a drop in U.S. rates allows a reduction in rates in Canada."

But Dobson also warns that there are restrictions on how far the Canadian rate can drop. "As long as inflation stays up and as long as the federal government and the Bank of Canada remain committed to the anti-inflation fight, the fall in interest rates will be limited," she says. Adds Dobson: "As even the Canadian Labour Congress agrees, interest rates cannot come down more than two points above the inflation rate currently running at 11.8 per cent."

Dobson also points out that prices regulated directly or indirectly by the government are a major cause of inflation. Angus Smart, chief economist with Dominion Securities Amex Ltd., also believes that inflation will continue to hold back the drop in interest rates. Smart points out that "Canada does not have inflation as much as hard as the United States does. The six-per-cent inflation imposed by the government is only just beginning to bite." Concludes Smart: "Although the market would like to see interest rates fall, the tendency is for the authorities to lean against too rapid a decline in interest rates because this runs a risk of inflation returning." As well, Smart points out that "the Canadian dollar will need a certain amount of shelter."

Indeed, a major salary effect of the continued spread between Canadian and U.S. interest rates may prove to be the steady strengthening of the Canadian dollar. As a result of the spread, capital is encouraged to flow into the country. And money market dealers are optimistic that the Canadian currency will remain fairly strong because several domestic borrowers have recently floated large foreign bond issues. As this money is converted into Canadian dollars, more support will be given to the currency. According to Ken Hight, assistant general manager of foreign exchange trading for the Toronto De-

mension Bank, the dollar should stay in the 70- to 80-cent range for the next few months.

For the consumer, none of the programs for the economy are more relevant than the outlook for interest—and mortgage—rates. Rumors of further declines are being spread extensively in hopes that the dropping rates of recent months may be at last coming into a bearable range. The real estate industry, which has also borne the brunt of the high cost of money, is equally in need of relief. But as the interest rate watch continues, there are already

signs that the slump is bowing since may have bottomed out. A report by the Canadian Real Estate Association released last week shows that although sales of existing houses dropped by 18 per cent in the second quarter of 1982 compared to 1981, in some centres the worst may be over. Said CREA President Ray Budasz: "As far as prices are concerned, we may be at bottom or close to it in many of the hotter markets in Canada."

If that is the case, it will mean the end of a spectacular drop in housing prices across Canada. Nowhere was that de-



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## COVER

elms more dramatic than in Vancouver. In the city's posh Kermode district, a typical one-bedroom bungalow shot from \$21,000 to \$23,000 in just four years. In April 1981, the average sale price of a single-family dwelling in Vancouver peaked at \$281,500. But since then, prices have run steadily downhill. And the July figures show that such a home is now selling for an average price of \$115,099. The fact of it seems has spurred sales upward. So far this year, there has been a 26 per cent increase in the number of houses sold. Clark Ross, sales manager of Fuller Ellis Realty, says there is no comparison between this summer and last. Says Ross: "Last summer was a better story, but this year is good business. The dollar volume is smaller, but we're doing almost the same number of sales as we were in normal markets two years ago."

BC's sales are generally in the lower price bracket. Realty Executives of a R. LePage, says that 76 per cent of the firm's sales in Richmond, a Vancouver suburb, are below \$125,000. Far anything above that price the market is very soft.

If the real estate transaction has already begun in Vancouver, other Canadian cities are not so fortunate. In Toronto housing prices have been shaved by as much as 20 per cent in the past year, according to a Royal Trust survey. The price of a detached bungalow in the city's centre, for example, dropped from \$145,000 in July 1981, to

\$107,000 in the same month this year. What's more, uncertainty over interest rates was blamed as the major factor in frightening buyers away. Nevertheless, in Ontario as a whole, the price of an average house rose \$2,548 to \$74,835 in the second quarter.

Uncertainty is the rule in real estate developments elsewhere in Canada. Just how bad the market had become in Calgary was demonstrated in June when Cowley & Kerr, once Canada's sixth-largest realtor, went out of business. But that was only the tip of the iceberg. Between January and July of this year, 11 of the city's real estate firms and 400 salespersons quit the trade under the combined weight of a stagnant oil and gas industry and high interest rates. Frank Hicks, executive vice-president of the Calgary Real Estate Board, reports that only 12 houses a day were being sold this July compared to 30 a day in July 1981. But while demand for houses in the \$300,000 market is off by 20 per cent, the market for dwellings priced under \$100,000 is up three per cent. The increase at the lower end of the price scale, however, is due to Alberta Home Mortgage Corporation assistance for homes worth \$75,000 and less.

In Quebec the news has also been grim. So far this year, 2,400 real estate agents have lost their jobs and 34 real estate companies have disappeared, many of them absorbed by larger companies. Sales this year are down 20 per cent from last year. In May sales in Montreal, which account for 30 per cent

## What's dead where the new home was sold

of residential sales in the province, were down 37 per cent as compared to the same month in 1981. But there is some cause for optimism in the Quebec market, too, in the sense of figures that show housing starts jumped 16.6 per cent in July over June.

Nureture has the real estate scene been more confused and volatile than in Atlantic Canada. In some centres the real estate bust arrived later and less devastatingly than might have been expected. In others the turnaround seems to be arriving sooner than anyone could forecast. Until June Halifax's real estate market remained buoyant. There were 1,680 real transactions worth a total of \$36 million in the first six months of 1982, compared with 950 deals worth \$40 million in the same period a year ago. Most real estate brokers believe that they were spared the worst impact of what has been a drastic year-long national downturn for two reasons. For one thing, prices had never soared to the stratospheric heights of Vancouver, Calgary and Toronto. For another, buyers were spurred into the market by the expectation that prices would soon as much as offshore oil production came on stream. Recently, however, buyers have become wary since all development is still at the talking stage and the national economy has worsened. Since June sales have been down by eight to 18 per cent compared to last year and prices are down. "We're starting to hurt now," says Harold MacMillan, execu-

tive officer of the Halifax-Danforth Real Estate Board. Under mortgage rates were down to 14 or 15 per cent quickly, he predicts. "The next six months will be pretty dry for us." In St. John's, on the other hand, buyers are tentatively returning to the housing market. Admitting that the last half of 1981 was "a total disaster" in the Newfoundland real estate business, Ken George, president of the St. John's Real Estate Board and a Century 21 broker, insists that things are turning up. George says that he is now seeing more high-priced homes (above \$150,000) moving in the St. John's market, a phenomenon, he thinks, that is related to the prospect of offshore oil development.

As in other cities, the lower-priced end of the market is also showing signs of life in St. John's. George attributes this to the federal government's \$3,500 incentive grant for home buyers. "People aren't staying away from the market anymore," he says, "but they are buying in accordance with their needs rather than their wants."

For contractors such as Joseph Dunn, a New Brunswick builder, however, this has been the worst year in his six years in the business. "So far, we haven't completed one house. Not one," he says. Unlike Ken George, Dunn says the \$3,500 federal grant has not made any difference. "Giving a \$3,500 grant is like pulling a bucket of water out of the Rag of Pandy," he complains. "If it brought down mortgage rates by three—or even two—per cent, then we would see some activity."

Ultimately, the outlook for the housing market, so far the economy as a whole, is largely unpredictable. At a University of Toronto economic historian Michael Bliss says: "Who would have predicted a year ago the course of last year? Where were all the experts telling us about the problems that were ahead?" Bliss has no even more sobering thought about the state of the North American economy. "The real question about our recession," he says, "is whether it is a recession being caused simply by high interest rates—a which case we might be seeing a turnaround—or is it a recession caused by serious structural problems. If so, the interest rate drop and market rally are just a little bit of icing." For one thing, Bliss maintains that the extent of the economy's glut is really not exaggerated yet. "It's not unlike the glut of grain in the Great Depression," he says.

Bliss is also worried about the world's oversupply of steel. "Look at that," he says, "and ask yourself when Britain and other steel-making are really going to be able to work at 100 per cent capacity." At the same time, Bliss wonders if there is surplus capacity in the world auto in-

dustry. "If there is," declares Bliss, "ask yourself when North American auto manufacturers are going to return to full capacity." As a historian, these are the kinds of questions that are worrying Bliss because the answers raise the difference between a recession caused by financial jiggery-piggery and the possibility of a real depression.

As a result, Bliss remains "skeptical" of the talk of a recovery. His fear is that "North America may be caught up in a great historic decline comparable to that which Britain went through from about 1870 to 1970, with our economy

being undercut by the people on the Pacific Rim." On the other hand, if his long-term worries are not borne out, he readily admits that the turnaround may already have started. The hard-bitten floor traders at the Cork Room—not to mention the Canadian investors and home buyers—can only hope that Bliss's more pessimistic scenario is wrong.

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# Kaufman triggers the latest stampede



Kaufman, his forecast resulted in a rally reminiscent of other landmark days

The chances are that for the rest of his life, Salomon Brothers' chief economist, Henry Kaufman, will be known most widely as the man whose views on interest rates ignited last week's Wall Street explosion. But the carefully measured credibility that made Kaufman's shift so potent may be the rally's first casualty. In the subsequent weeks of Wall Street forecasting, Kaufman's reads at other brokerage houses were quick last week to note that his catalytic statements on rates followed, rather than anticipated, the start of their decline. "I think it must take away from his credibility," argued the Bankers Group's chief economist, Richard B. How, who added that he had predicted the rate decline as early as last October. How then urged clients to buy bonds that have now appreciated more than 35 per cent and will yield 15 per cent or more until the refinancing.

That sort of little-known page among Kaufman's rivals is understandable. On the strength of his long record of astutely predicting most major rate turns, the 54-year-old German-born Kaufman has become almost a public servant—overseen through the eyes of Wall Street gurus. An around-the-clock worker with few holidays other than good causes, Kaufman oversees a 90-member research team at Salomon—most of whom remain hidden by his shadow. Kaufman's weekly pro-

nouncements on interest rates are eagerly anticipated and read by many Wall Street analysts as if they were stock tidbits from Mount Sinai.

In recent years Kaufman's gloomy outlook on rates has made him the bear's favored seer. Generally, he has been right. And that made the impact of his call last week vastly more powerful. Whether the rally that followed it becomes a major market up-cycle remains to be seen—though the young bull market's debut was reminiscent of other one-day Wall Street turnarounds.

The most common, "Black Tuesday," as Oct. 29, 1929, was more than just a nightmare for investors. Following several other nerve-shattering "breaks" in that year's summer rally, Black Tuesday broke the back of the whole last-day-August boom. It was a day of unparalleled pandemonium on the floor of the New York Stock Exchange. As panic selling swept away fortunes—and reputations—brokers and floor traders closed and punched each other furiously to get in their sale orders. The prior loss, \$19 billion, was more than twice the total currency then circulating in the entire United States. As a result, the world was launched on the downward spiral into the Great Depression.

No such disaster has ever occurred on Wall Street, but at least two recent trading sessions had the same sort of

severe watershed quality. "Silver Thursday," the wife of panic selling that followed the collapse of the hedge-fund arena's Great Bear brokers' attempt to corner the world's silver market, underscored Wall Street's vulnerability in speculations. With the Rupee threatening to default on silver-margin calls worth hundreds of millions of dollars, stocks went into a virtual free fall. Rumors that the Rupee Indian Rupee would devalue might collapse pushed the Dow Jones average down more than 25 points by 3:05 p.m. on that day—March 27, 1980.

Behind the scenes, officials from Rupee and other hedgefunds were urging Federal authorities to close the distressed exchange. But in late afternoon, assurances by the Federal Reserve that no brokerage would be allowed to collapse left the nervous market like a steamrolling grand slam. In the last 15 minutes of trading the Dow led back to a loss of just two points, and the U.S. stock market began a long climb that soon took it back above the 1,000 level.

One of those who read Silver Thursday correctly as the final "selling disaster" of a nervous bear market was a Florida-based investment adviser named Joseph Granville. Granville's advice to prod the bull along for months with repeated urgent "buy" advisories to his more than 15,000 clients. But when his market model finally indicated that what he called the "run for the roses" was over, Granville made himself famous by spurring a 33-point plunge in the Dow Jones average on Jan. 9. Granville's terse advice, "sell everything," was delivered multiple by fax and telephone through the evening of the preceding Tuesday. What followed the opening gong in New York was a selling fury that battered the Dow down below 1,000 in the biggest single day's trading of the exchange's first 100 years.

Granville, a maverick adviser who quit working for E.F. Hutton when the firm heavily edited his unorthodox reports, drew heavy fire for his move. "He got 80 million worth of free publicity for shouting 'sell' in a crowded throng," snapped one angry broker. But, in retrospect, Granville's thunderbolt seems as good an opening date as any for the Reagan bear market that dragged on for nearly 16 months until last week. Until, that is, Mr. Henry Kaufman changed his read.

—LOUISIANA MICHAEL FINE New York City

## PEOPLE

After seven years of working to make Whistler, B.C., the Aspen of the North, former national ski team coach Al Roze and Olympic gold medalist Nancy Greene are leaving this week. Roze, 40, has resigned as executive director of the town's resort association, and Greene, 36, is taking a sabbatical from her job as director of skiing at Whistler's Blackcomb Mountain. "Both of us have put a lot of time and effort into Whistler for very little financial gain," says Greene. And with the economy plummeting, "it's a very depressing time to be in Canada. The leadership of this country is really blessing it." Roze and Greene plan to settle in the Alpine resort of Crans-Montana for at least a year (partly to educate their twin sons, Wiley and Charley, 12, in French and partly to teach) but they will return. "We've just built a house in Whistler," Greene explains. "We built it to grow old in." By then the North may be ready for Aspen II.

In a dry year for film actresses, Toronto-born Alberta Watson is getting her share of exposure as the series. She has just finished a film for U.S. tv with William Bickert. Her modern-1980s-and-poster-clashed Canadian movie *Mindful* (with John Heard and Leif Erickson) has been salvaged by editors. And her first U.S.-made-and-financed feature, *The Soldier*, is "making heads of steam" in Europe, says the 36-year-old 26-year-old. "I don't know why these things seem to happen all at once. But I'm not knocking it." Neither will she knock *The Soldier*, a black-and-white extravaganza in which she plays a machine-gun-toting Israeli antiheroine. "It's got a lot to be connected with something that is a commercial success," says Watson, who promises that, on a couple of weeks, "there will be an announcement about my being in a new film that I am very excited about." The time seems ripe for her to star in a commercial and a critical success.

Tanya Mollishevich is a world-famous costume designer but she will live where the Stratford Festival home invited over from her native England this season to design the 40 costumes for *John Henry's* acclaimed Mary Stuart. Mollishevich, 48, reminisced about her collaboration with founding director, the late Sir Tyrone Guthrie. "It was a bit like Old Vic doing Henry VIII when the telegram came right before curtains time," she said. "It burned a hole in



Roze and Greene of Whistler report: exuding sentiments popular in the West

his pocket." Working from the outset to help Guthrie design the stage, sets and costumes, Mollishevich claims she has no unpleasant memories of the festival. "Fred helps you to forget the disasters," she sighed. Although she has a continuing horror that a member of the audience will identify one of her secret materials—"I happen to know that it's only an old dishcloth"—Mollishevich said she has mellowed with age. "If someone's lights are dyed the wrong color, it doesn't seem like such a terrible

Actress Alberta Watson: time for a good plot



tragedy." And if that someone happens to be Sir Lawrence Olivier, with whom she will work next in a British tv production of *King Lear*, Mollishevich can always remember Guthrie's old line: "It's not called a play for nothing."

One of the few people on record as having been attacked by a violent, ex-United States graduate Jimmy Carter cannot even build anything as usually innocuous as a presidential library without arousing ire. When Carter was governor of Georgia in the early 1970s, he put a halt to an expansion in Atlanta after a group of businessmen protested the airport extension in court. Since then, some 220 acres of prime real estate have been lying fallow while state officials were making matters about scripping up funds for a "great park." Now, Carter is planning to hold his library on the site, complete with a four-lane "parkway" (no word) running five kilometres from the city's business section, through the centre of its oldest and most picturesque neighborhoods, and right past the editor's door. Furious residents have mounted a "Take your library to Pismo" campaign but, so far, they have had little success. After Carter's onetime ambassador to the U.S., Atlanta Mayor Andrew Young, pronounced that any further land would be converted into a park, city council approved the plans last month. While Atlanta's citizens ponder what to do next, one obvious question has arisen: If funds for the original park have been conspicuously absent for the past decade—as they were—where is the money going to come from now?

—WRITTEN BY BARBARA BRIDGTON

# A silver lining to a wrestling gold

By Ian Leslie

For a second, at least, a glorious moment promised to turn golden. Tearing the Newport of East Germany 3-1 in the gold medal final of the 80-kg division at the World Amateur Freestyle Wrestling Championships in Edmonton, Aug. 14, Clark Davis suddenly took the lead with a head-and-arm throw. But the moment was lost. The young Canadian recklessly relinquished at an Newport rolled him over in turn—all in the final 10 seconds of the match. Still, Davis was not entirely disappointed. "I shouldn't mean too much. I was the only guy on the team to win a medal," the 26-year-old wrestler and recreation undergraduate at Montreal's Concordia University said. The runner-up tag failed to obscure the finest achievement by a Canadian amateur wrestler in 46 years.

Only twice before has a Canadian won a silver medal at either the world championships or the Olympic Games. And both medals—by Donald Stockton at the 1908 Olympics in Amsterdam and four years later by Danny MacDonald at the Olympics in Los Angeles—were captured in an era of amateur competition and no Soviet wrestlers. Since 1968 only Canada's Gordon Rowie has won any medal at all—a bronze at the 1974 world championships in Istanbul, Turkey.

That pitiable legacy may be about to change. Only two of the 16 Canadians in Edmonton—Davis and Greg Takahashi of Ottawa, at 52 kg—remained in contention for a medal by the halfway point in the four-day event. But Richard Deschatelets of St. Catharines, Ont., had already demonstrated the hard-earned gold medalist. He won the U.S.S.R. 9-4 in the first round of the 180-kg class. Exhausted and dehydrated, Deschatelets returned to the athletes' village at the University of Alberta and spent the night vomiting. His strength sapped, he was beaten in his next two matches and eliminated. He never lost again and carried off the gold



Davis applying a headlock to gold medalist Newport: all in the final 10 seconds of the match

medal, one of seven won by the Soviets. Still, a new president has been set. A Canadian defeated one of the indomitable Soviets, and another won a silver medal. Questioned about the closeness of the elusive gold, Davis echoed the sentiments of the Canadian wrestling

**The runner-up tag failed to obscure the medal and the best result for a Canadian amateur in 46 years**

establishment. "It's becoming a little more realistic now. Before, I didn't even know if I would be able to get a medal, let alone a gold."

To that end, the Canadian Amateur Wrestling Association (CAWA) issued the coronation of the world tournament to announce the hiring of its first-ever full-time national coach and the establishment of a national training centre in Regina. The objective is to improve Canadian wrestling "to the point where we are consistently in the medals at the world championships and Olympics," says CAWA Technical Director Bob Price. The centre will pool only proven

international-calibre wrestlers at the University of Regina under coach Jim Humphrey, an American who was a silver at the 1977 world amateur tournament and then coached at the University of Oklahoma.

The CAWA and the Province of Saskatchewan will combine to provide \$20,000 annually to run the centre and help athletes defray some of the cost of rehousing. Another \$25,000 will be provided by Sport Canada—the federal agency that controls elite amateur sports—which will partly go toward paying Humphrey's salary. The University of Regina has agreed to upgrade its wrestling facilities and give the national athletes free use of them.

The concept is a response to the need for more competitive and better-coordinated training for the desert in Canadian wrestlers of international class.

"When you aren't pushed every day you can get away with sloppy things," says Humphrey, 36, who got the job that only one Canadian—Deschatelets—applied for. Lack of coaching and competition has been the constant problem for the top wrestlers, spread out in pockets from Vancouver to Montreal. Davis is an explicit example. Though his coach is the highly regarded Viktor Zibortov, a former Soviet national champion and bronze medal winner at the world,

Davis has no sparring partner to push him in Deschatelets' night. "There are some top-notch young wrestlers here [in Montreal] but none of them are in my weight class," he says. "I usually start out on my knees against one of them, grab his legs, and then try to take him down from there."

Still, Davis will be one of the few who will not move to Regina. "I think it will be great for whoever goes out there," he explains. "With the lack of partners here it's awfully tempting, but my coach and school are here." Davis adds lightly, "There's no way I'd want to trade Montreal for Regina." Geography, it seems, as the alibi around the north of Canadian amateur wrestling. Bringing the best together is a problem that has been solved. But exposing them to the dominant Kazusa Ilac competitors—winners of 25 of the 30 freestyle wrestling gold medals available at the past three Olympics—is another difficulty that may not be solved. "All the Eastern Ilac countries have to do is go a few hundred miles and they're at a major international competition, we have to cross the ocean," explains Takahashi, who has not lost to a Canadian in more than three years. Price refers to it as "a financial barrier," and Davis says, "that's the way it's going to be, there's not much we can do except take advantage of it when we are over there."

Returning from the 1988 Olympics with the most heartache harvest of medals ever (one silver, two bronzes), Canada's coach Frank Tasson seemed up his formula for continued success by counselling members of the nation's grapplers: "Give them plenty of competition." Fifty-four years later the CAWA is taking his advice. ☐

Soviet champion Anatoly Belogorodov holds Japan's Hideaki Taniyama



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# Rank-and-file Davids vs. union Goliaths

By Carol Brunner

Established in Margaret Cameron's mind was the belief that union leaders, like judges and popes, rarely make mistakes. But that notion was shaken when the 66-year-old dairy worker from Salmon Arm, B.C., learned that the Teamsters Union had discriminated against her because of her age and sex. For 19 years she had operated a butter machine at the Shawap Okanagan Dairy (SODA) and paid her union dues. Then, in February, 1979, just 18 months before she was to retire, SODA told Cameron of the company's decision to replace her with a younger woman who was too old and fragile to manage a heavier cheese-making job once the dairy shut down its butter-making operation. The hourly employee, with more seniority than several younger male colleagues who had been kept on, disagreed and begged her union to come to her defense. But throughout the (prolonged) ordeal the Teamsters remained uncharacteristically distant.



Cameron: "They should have left me to do anything—even scrub the floors."

Says Cameron: "All they did was give me the old shrug." She shares equal outrage for SODA. "After 19 years they should have left me here to do anything—even scrub the floors." Before Cameron was locked into a collective agreement that gave the Teamsters the sole right to represent all SODA employees, she was unable to negotiate directly with her employer. Much to her dismay, Cameron's only recourse was to file a complaint with the provincial labor relations board, alleging that the union failed in its duty of fair representation.

Across the country, at a time when unions are facing assaults from management who threaten to pass down hard-won concessions, many large and powerful unions are under siege from workers such as Cameron, the people they were set up to protect. Spurred on by a growing awareness of their rights

in the workplace and rising concern that too many grievances are being brooked under the bargaining table by union leaders who are rushing to negotiate plump contracts, an unprecedented number of workers are turning against their unions for allegedly mishandling their affairs. Since the duty of fair representation became law in British Columbia, Alberta, Ontario and Quebec during the past decade and was

was laid off until her retirement—after the board ruled that the Teamsters had failed to enforce her seniority rights. However, since the legislation was passed—prohibiting unions from acting in a manner that is arbitrary, discriminatory, negligent or on bad faith—such victories are rare. Indeed, only 96 of the 2,000 cases so far have been upheld.

Part of the reason for the poor success rate is that labor board candidates refuse that if the legislation is enforced it could cause irreparable damage to peace in the workplace by pitting employees against unions. With that in mind, the labor boards have been cautious in determining what constitutes a serious breach of fair representation.

So far most cases center around such serious grievances as wrongful discipline and denied promotions—which can have a drastic effect on careers. But increasingly, the boards have received a barrage of frivolous grievances dealing with everything from denied overtime pay to nasty arguments from supervisors. While the purpose of the legislation is to give the individual employee the power to stand up to unjust grants that have been granted unwisely, punitively or capriciously on their behalf, officials are concerned that far too many

workers are mounting the new recourse because they don't have a grasp of what the statute is intended to protect. Wayne Niess Lapointe, chairman of the Canada Labor Relations Board, "Unions have a difficult responsibility, vis-à-vis society, to screen out futile and frivolous grievances that may be filed by irresponsible and unscrupulous members who threaten to clog the orderly flow of legitimate grievances to the workplace."

Nevertheless, for those employees who have been truly victimized, the legislation can be a useful weapon. A successful complaint that came before the Ontario Labor Relations Board (OLRB) last year proves the point. It was filed by Suzanne Robert-Vallant, an attend-



Backs (center) at the bargaining table: "This legislation has put me on edge. I feel like I'm walking on eggs all the time."

ance counselor for the Prescott and Russell County Roman Catholic School Board in St. Ursula, Ont., who was fired after helping her colleagues join the Canadian Union of Public Employees (CUPE). In the midst of negotiating the local's first collective agreement, Robert-Vallant, who was president of the board, received notice that her job was being "reassigned." Because the employees had an established work record and impeccable credentials, the reassignment suspected her employer of foul play. She contacted her union and asked Steve Backs, a CUPE national representative based in Cornwall, Ont., to file a complaint alleging that the school board was discriminating her because of union activity. Backs refused on the grounds that he felt her case would be

difficult to prove. Instead, he advised the threatened woman to use her seniority rights to "bump" a junior, thereby forcing the union board to keep her on the payroll.

Disillusioned with Backs's advice, she hired a lawyer to file a complaint against CUPE for acting arbitrarily on her behalf. The OLRB sided with Robert-Vallant and ordered the school board to reinstate her with compensation for lost wages. As for CUPE, it was required to pay half of its member's legal fees, amounting to \$4,850.

Such setbacks not only drain union coffers but also shake the confidence of many who once trusted union representation. Before the case, Backs had always been certain that he had done his utmost to represent CUPE members properly. But after being called up by the OLRB, he is not so sure. "This legislation has put me on edge," he confesses. "I have it in my mind to leave but I feel like I'm walking on eggs all the time. As a union representative I have to make sure decisions sometimes," he adds, pointing out that "no representative that I know would deliberately try to screw his members."

One of the biggest fears that Backs shares with other union officials is that some disgruntled employees—especially those who are not unionized members but work under collective agreements—might use the clause to sabotage union activity. Provincial and federal labor legislation experts admit that there are no statutes in Canadian labor codes to safeguard against that kind of abuse. However, to ensure that unions are not penalized for refusing to handle frivolous complaints, Lapointe says he and his provincial counterparts try to keep a watchful eye when "separating the wheat from the chaff."

The typical board view of a frivolous

case could be based on a grievance filed by André Giesler, a truck driver from Brantford, Ont. After his dismissal from One North America Ltd. for allegedly tampering with his truck's tachometer—the instrument that indicates engine speed or rotation—Giesler claimed that his union, the Carriage and Miscellaneous Employees' Union, breached its duty because it would not take his grievance to arbitration. The union refused to defend its member, the board learned, because a test had confirmed that the tachometer had been modified with Giesler's assistance. Giesler accused the union of discriminating against him—having his argument on his behalf that the union was punishing him for being critical of some of its policies in the past. In his defense the truck driver told the board, "I have always been under the impression that as long as I am paying union dues, the union must defend me to the bitter end." As well, Giesler said, "Given if a grievance does not appear valid, my union must process it regardless."

Not surprisingly, the CLRB rejected the grievance on the basis that unions—which generally have limited arbitration funds—should not be required to waste their money on cases that are obvious losses. "Unions are not rich organizations," insists Lapointe. "That's a myth that should be dispelled."

At best, the clause covering the duty of fair representation would guarantee employees that unions will not make mistakes. But it can give people the right to have their concerns heard before an impartial body, explains Stephen Kolcher, chairman of the British Columbia Labour Relations Board. If the labor board can remove any good feeling from the present index of union, says Lapointe, it is that the recourse will keep unions "from falling asleep at the switch." □

Lapointe: screening out frivolous cases







Beer in the Toronto ball park: The abolition of property rights cut a gain

## LIVING

# Temperance into the drink

By Ann Kerr

A far-beans speakeasies have blossomed and faded over the past few years. Remnants of a prohibition era, the illicit "booze cubs," as they are known, are the most potent evidence of a centuries-old debate for alcohol controls in Canada. But nowhere have the late night haunts found a more arduous footing than in West Toronto, home of William Temple and his West Toronto Interchurch Temperance Federation.

Temple, who calls himself Temperance Willie, has, in fact, won the latest skirmish in a long-standing battle to prevent alcohol from being legally sold in West Toronto, an area dry since 1923. Toronto city council soberly decided Aug. 12 that it would not place the alcohol question on the municipal election ballot in November unless one-quarter of the electorate in the district (including most of Ward 1 and small parts of Wards 2 and 3) signs a petition in favor of the vote. The 26 restaurant owners who are pressing for change in the country's largest dry area have already more than half the 1,500 signatures required, says spokesman Marilyn Dine, co-owner of the High Park Cafe. "We're confident we will get the rest," she adds. "There are a lot of professional, well-educated young people in this area who can get a glass of wine with their lunch

downtown but not at dinner in their own neighborhood. It's a messy situation."

But William Temple can already taste his victory. "I felt too young up and cheering when I heard the decision," he says. People are being turned off by alcohol abuse, asserts the Ontario IFT for the Ontario COT, and "now the prohibition is starting to swing the other way."

Though West Toronto may seem at anomaly in those well-lubricated times, there are hundreds of dry pockets across the country—180 in Ontario alone. Peel Township, with more than 3,000 residents, northwest of Toronto, has been dry since 1912.

This summer, in the Nova Scotia towns of Hantsport, near the Annapolis Valley, and Barrington Passage, on the province's southern shore, "people just stood up on their hind legs and opposed any more alcohol outlets," says Betty Kinsler, an executive member of the Sons of Temperance, an abolitionists' group in the Maritimes that dates back to 1912. Residents in an east end area of Toronto

known as the Beaches have also been successful recently in stemming the flow of new liquor licenses to local restaurants.

But signs are plentiful that the remaining bastions of property are steadily falling into line. Each year the "wet" was more battles than they lose. A 60-year dry spell recently came to an end in the summer resort of Victoria Beach, Minn., 160 km northeast of Winnipeg. The vote was by a vote of 61 to 30 in the community's first-ever plebiscite on the issue, held July 30. Audrey Butler, a resident who led the drive to change the law to permit dining rooms to serve a drink with meals, says "People are afraid this will open the door to all sorts of things and ruin the lovely environment of Victoria Beach. Anytime we have had change here, there has been fear attached to it." Butler plans to convert part of her log house into a dining room and is applying for a license to sell alcohol.

Recent government decisions also indicate that, if anything, the pendulum of public opinion may be swinging toward greater permissiveness when it comes to drinking habits. In another landmark decision, made on July 30, paroled Ontario sports fans finally won the right to quaff a beer during games at three stadiums—in Ottawa, Toronto and Hamilton (albeit, as a two-year trial basis). In half the provinces, sports spectators can now still hear Provincial regulations have also been relaxed in British Columbia, where the government decided in March to let television and radio advertising for beer and wine for the first time. And the new Conservative government in Saskatchewan has promised to review the restrictions that forbid alcohol advertising in all provincial media.

Given that Canadians today consume twice as much alcohol as they did three decades ago, and more than 80 per cent of the population is known to take a drug, the Women's Christian Temperance Union—the only national temperance force still in existence—can find few converts willing to take the pledge of abstinence. In its heyday the century-old union had 7,000 members in Toronto alone. Today it has fewer than 4,000 adherents of sobriety across the country, forming a fighting front that is poorly organized and weaker. National Chairman Frances Munn, of Toronto, is confident that it is difficult trying to stay abstinent against the powerful tide of liquor. "Because of

WILLIE: "The mob can't win"



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their huge financial interests, the beer, wine and liquor companies keep their thumbs on the government," she contends. "The liquor license boards are more like protection boards these days."

Nor only statisticians find it disconcerting that one in 20 adult Canadians has a serious drinking problem, or that booze contributes to half of all criminal acts and 46 per cent of traffic deaths. The Canadian Medical Association is pressing for a ban on all TV and radio alcohol advertising, including beer, and the CMA's research on health care wants a label on every bottle warning that alcohol can be dangerous to health. But governments have traditionally proved to be unreliable allies in such quests. Considering that the federal and provincial governments skim off huge tax revenues from alcohol, Dr. William Ghent, chairman of the CMA society, says that he is "not optimistic" that any real changes will occur. It has been estimated that Ottawa will receive \$226 million from the brewers alone next year in Ontario for the combined revenues for fiscal 1989 from alcohol sales totalled nearly \$600 million.

Temperance adherents can console themselves, however, that no matter how tempted government regulators may be, they are not about to let the tide flow freely. British Columbia, Manitoba and Ontario recently quashed attempts to permit beer and wine sales in corner groceries, Quebec and Newfoundland remain the only provinces where it is as easy to buy a case of beer as a can of soup. Quebec and British Columbia are now in the process of drafting regulations requiring alcohol advertisements on radio and TV to devote part of their air time to warning about alcohol abuse. And as long as Quebec refuses to drink in public halls without first meeting certain government standards.

These constraints should not suggest, however, any widespread sympathy for the temperance stand. Some of the staunchest opponents of licensed businesses in their own neighbourhoods enjoy a drink in restaurants outside the community's boundaries and in their own homes. "A lot of people look at it as a zoning problem," says David White, Ward 1 spokesman in Toronto. "They feel licensed restaurants will lead to increased traffic flow, more nightlife activity and more noise. It's not a moral question." White also doubts that the West Toronto petitioners will be able to meet their quota. Even if they cannot, the vote is not about to give up, says Khas. They will continue collecting signatures to force the plan through the next municipal and provincial elections. White, the old soldier of sobriety, will be ready for the fight. ☐

## LEISURE

# Games trivial people play

Ever since the success of the Ark, humanity has tended to bury its cares in mundane diversions. And in these troubled times it is comforting that an adult board game produced by two Canadians is rapidly becoming a smash success. So appealing is Trivial Pursuit—an expensive game made up of 4,000 obscure, utterly irrelevant, yet intriguing, questions—that it is gaining on Monopoly in cross-Canada sales.

Designed by Chris (Horn) Hanesy, 33, an ex-photo editor for the Montreal Ga-

zette, is an elegant cardboard box resembling After Eight acorns, the game provides a mélange of difficult questions. To play, participants roll a die and move onto squares that are color coded to match six general knowledge categories: history, art and literature, sports and leisure, science and nature, entertainment and geography. And a quick flip through the cards proves the questions can be mindbending. For example:

What did Otto Trivium invent?—the transistor.

What was Jimmy Hoffa's middle name?—Riddle.

What was the first Lithuanian flavor?—peppermint.

With so many cheaper and better-known options in the toy stores, what makes Trivial Pursuit so popular? Says Hanesy: "It's in the questions and how they were written. Our aim was to entertain, not to educate. And we wanted to convey our sense of humor."

The formula seems to be working. Business is so good that the inventors are preparing to unveil three new editions. In October their company, Horn Abbott, traded away its Niagara-on-the-Lake, Ont., will release Silver Screen Edition, a 4,000-question movie version. Next year, Baby Boomer Edition. Dandy to Jackson Liddy and a sports series are scheduled to be on sale.

For now, Hanesy and Abbott will not discuss company profits but they hope their game, which is loaded with American trivia, will have a lucrative future in the United States. Says Hanesy: "Market

specialists estimate that next year we'll sell 20,000 copies in Canada and nine times that in the United States."

So far, many people who have played rave about its ability to test their knowledge of useless information. "It's a riot," says Richard Byrne, 33, a Toronto-delta bank analyst. "The game certainly taxes my memory." But for others who resent having their pride shattered by baffling questions, Hanesy admits, "This isn't a real big laugh." Indeed, both partners commented that only friends can do us to play.

—CAROL BUDMAN in Toronto.



Abbott and Hanesy: Howdy Dandy to Gordon Liddy

arts, and Scott Abbott, 33, a former Canadian Press sports writer, the game has taken off. So far more than 20,000 copies, retailing for \$29.95, have been shipped up since it was marketed in May. Because made-in-Canada games are harder to come by than royal dukes, it is difficult to grasp just how impressive Trivial Pursuit's sales record is. But Shelley Swallow, a buyer for Mr. Greenberg's Ark in Toronto, offers this comparison: "We are easily selling eight Trivial Pursuits to every Canadian Monopoly edition that was released by Parker Brothers in July."

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## ENVIRONMENT

# A summer's political fog

The bug line is rising off the wall in Winnipeg. The summer is waning, but the onslaught of female mosquitoes—the only ones that bite—has not diminished. And with that has come a twofold problem for the city's mosquito-spraying program. When the city granted citizens the right to call in and exempt their houses from the spraying route, it unwittingly opened the doors to environmental alarmists. The overwhelmingly negative response has left the country's most pestered city with not only a bureaucratic tangle but a giant bug problem.

Indeed, entomologists monitoring Winnipeg's insect density are discovering that the "acceptable" limit of 35 female mosquitoes per test trap (equal to one bite a minute) has been exceeded by 3,000-per-trap average catches.

But it is the mosquitoes' disease-carrying potential, not their numbers, that was originally responsible for the province's decision to launch a mosquito-spraying program last year. Twenty-five cases of western equine encephalitis, an often fatal disease causing inflammation of the brain, prompted the province to authorize aerial spraying with the insecticide Bupron. What the city could not have anticipated was last summer's epidemic involving Shirley Down, a 46-year-old nurse who suffered a severe attack after inhaling Bupron in a sprayed area. As a result, she is still dependent on steroids.

The Down case, predictably, has fired even greater opposition to the spraying program this summer, especially since there is no evidence of another encephalitis outbreak. Some Winnipeg

homeowners have even formed human roadblocks to stop the crews. But this year residents are exploring a council ruling that is even more effective than public demonstrations at undercutting the fogging. The provision allows citizens registering a protest about having their property sprayed that neighboring properties will not be fogged within a radius of 100 m to prevent the vapor drifting. A council amendment last Wednesday reduced the radius to 30 m, but Environment Minister Jay Cowan overruled that two days later. City Councillor Larry Flaxler is furious about the tangle. "With over 1,000 people saying they don't want their places fogged," he says, "it means that the program is virtually ineffective."

While Bupron is 95-per-cent effective, its safety is still a matter for debate. Claims that the substance is harmless are made in a confidential reference report by the Manitoba Clean Environment Commission. Other Manitoba experts are not so sure, citing potentially hazardous long-term effects and dangers to plants and wildlife.

However, the city is not averse to experimenting with other products and has been testing Resmethrin, a natural chemical. And a larvicide known as BT, touted as potent and safe, may be on the market in Winnipeg next year.

Newswatch, Winnipeggers should consider themselves lucky. In several countries it is a statutory offence to allow mosquitoes to breed on private property. Despite a particularly heavy mosquito season across Canada, residents still should have the biting edge.

—ANN WALSHLEY, and Cathy Carthy-Gordie in Winnipeg

## TECHNOLOGY

# The sound of silence

In the perpetual search for sonic purity, audiophiles have bought the latest in turntables, amplifiers and speakers. But, despite advances, the basic principle of reproducing sound has remained fixed: a needle still slides through grooves all too prone to the ravages of dust, dirt and deterioration. Finally, there is an alternative. The latest innovation is a laser audio system being produced by at least 40 foreign electronic firms. The system was developed by Philips, then Sony, which will import the first samples to Canada in January.

Music is recorded onto silver, \$20-to-\$40 hard-stated discs. A microscope laser beam "reads" the disc's spiral track of pits, then converts them into binary digital numbers, which in turn are interpreted into a signal that reproduces the sound. The music is free of hiss and distortion. Enthusiast Ian Masters, editor of *Audio Canada* magazine, "Wants extraordinary in not what you do hear but what you don't—noise that we have taken for granted."

The projected \$1,800 price tag, however, is one obstacle to mass-market appeal. George Brody, an award-winning stereo salesman and store owner in Hamilton, Ont., says the average buyer, who now spends about \$500 on a 3-1/2



New laser disc: an audiophile's dream

system, will not be able to afford a laser player. "If the Japanese can lower the price," he says, "they'll be in a position to replace the record player."

But loudly and other industry observers harbor another worry: the major U.S. record companies' reluctance to switch to laser-disc production. Says Brody: "What laser audio manufacturers have to do is persuade the public that switching its equipment will be sensible. That will pressure U.S. record companies to make the contribution."

—NANCY MACNUTT



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### BOOKS

## Forgotten visitors

BROGUE AGE AMERICA  
 by Barry Fell  
 (McClelland and Stewart,  
 302 pages, \$19.95)

As the '80s start to slough off the domestic '70s, academics in the radical tradition of Foucault and Habermas are popping up again like magic mushrooms. Among them is Barry Fell, who has claimed in two books that North America was visited regularly by Norsemen and Celts in the second millennium BC. *Brogue Age America* offers the mysterious lettering and pictures carved in stone in Pictograph Provincial Park near Peterborough, Ont., as proof of this thesis. According to Fell they record a trip made by the Norse King Woden (Odin) around 1700 BC to establish a settlement and trade for

copper with the Algonquian tribes. Fell's argument directly contradicts the traditional view that Europeans did not reach North America until AD 790. His credentials are sound: he is professor emeritus of biology from Harvard as well as an amateur osteographer, paleontologist and student of ancient writing. The evidence may not convince all scholars, however, Fell's comparison of the Peterborough lettering with a 10,000-year-old Norse script and the similarity of *Brogue Age* burial sites on both sides of the Atlantic make his argument credible. But instead of appreciating a potentially fascinating insight, the reader is driven to irritation by the book's hysterical, defensive tone, its jumbled, unfocused logic and self-defeating format.

Fell's argument has obviously been fuelled by contact with the archaeological establishment. A more fundamental antagonism exists, however, between specialized experts and free-wheeling radicals who take a multidisciplinary approach. The result is the closed-minded rejection of archaeological consensus. When the best of the battle reduces an intelligent observer such as Fell to historical gibberish, science is in trouble.  
 —MARK CHANVIER

### MACLEAN'S BEST SELLER LIST

#### Fiction

- 1 The President's Man, Ludlum (7)
- 2 The President's Daughter, Cohen (32)
- 3 The Man from St. Petersburg, Pynchon (12)
- 4 The One Tree, Donaldson (3)
- 5 Eden Burning, Price (1)
- 6 Sandstorm, Quince, Gervais (7)
- 7 No Canadiana, Finkel (7)
- 8 Friday, Macdonald (1)
- 9 The Anarch Wagon, Smith (3)
- 10 L'Espresso, Sklar, Macdonald (2)

#### Nonfiction

- 1 Canada with Love, Mack (2)
- 2 Jane Fonda's Workout Book, Fonda (2)
- 3 The Great Code, Frye (1)
- 4 Living, Learning & Learning, Donaldson (3)
- 5 The Unguarded Gates, Lasker and Fisher (1)
- 6 Dreams, Leary (1)
- 7 The Fate of the Earth, Solov (1)
- 8 Years of Unpleasant Anticipation (2)
- 9 When Bad Things Happen to Good People, Korman (1)
- 10 The Holy Bible and the Holy Gospel, Bergant, Long and Leland (1)

(1) Premier last week

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## FILMS

# Debauchery down under

**DOWN R PARTY**  
Directed by Bruce Beresford

**D**own Party montains one of those get-togethers where everyone makes his laundry in public and, upon doing so, immediately drops it again. The pretext for the party is to watch the Australian election returns of 1988. But by the end of the evening Don (John Hargreaves) and his buddies, hoping for a Labor victory, have become very much concerned with their private lives. Don's wife, Kath (Jeanne Tripplehorn), nags him about his duties as a host; in retaliation he appears in a tux and leads. The first to arrive are the sheet and meat. (It is not one of the back-logged-curtain films and his wife, Judy. From that point on, Don's Party holds the audience's attention, not so much as a piece of film, since Don's Party's screenplay maintains its sense of



Alimony and Hargreaves: lost drama

its floorboard cracks from his ping, but so that endlessly swarming parade called human behavior.

The party is the kind where you are forced and mystiques stroked. Coolay, a Cansino who struts his sexual stuff from one conversation to another, brings along Susan (Claire Danes), who will—and does—sleep with anything moving. Kerry, a newly suc-

cessful and undeniably attractive artist, flails around the gathering trying desperately to be as seductive as a goddess, her husband throws a couple of jealous winks. And, as ever, someone seems wearing a crown of thorns—in this case, Mack, whose wife has left him. There are plenty of agonies, love, brains, more beer, musical beds and increasingly coarse language. The gang moves on to the harder liquid stuff, and soon people start making scenes of lost dreams like kids swapping bubble-gum secrets.

The couple that loses the most at this free-for-all affair is also the oldest. Jenny is depressed because she feels she is not "a complete human being" but she reminds herself to be a very convincing one. Mad, played for every wise by Ray Barrett, chafes up their failed marriage to his fear that his penis is too small. On all these brief encounters director Bruce (Breaker Morant) Beresford focuses a perspective—and restrains—up. The editing occasionally chafes (you are never quite sure what time it is), creating a false rhythm to Don's Party. Yet the movie deftly creates the turf of social comedy. Most of all, it sympathizes enough with all the characters to help them make it through their mess, and it makes it easy for us, too. —LAWRENCE O'TOOLE

## FOR THE RECORD

# Innovators then and now

**ONE NIGHT IN WASHINGTON**  
Charlie Parker and The Orchestra  
(Elektra Musician/WEA)

**INNER FIVES**  
Bud Powell  
(Elektra Musician/WEA)

Both of these albums were recorded in Washington, D.C., in 1950. Only now have they been remastered for release, providing us with the mature music of two towering figures of postwar jazz. One Night in Washington captures an archetypal moment in Charlie (Bird) Parker's career: Completely unbothered and carrying his notorious plastic alto, the master saxophonist stopped in front of Joe Turner's 10-piece orchestra and soared effortlessly through complex arrangements and scintillating solos. When they open up with *Free and Easy*, Parker and the band are kept in carefully separated compartments that three cuts later, in *Three Ways*, Bird is weaving across the charts. Throughout, Parker's improvisations blend with an apparently limitless



Parker's top's most influential player

velocity and lyricism.

Bird's peer, sometime collaborator and the most influential present of the big era, Bud Powell recorded *Inner Fives* between sets by The Orchestra on a weekend afternoon. With the young Charlie Mingus on bass and Roy Hargrove on drums, Powell's drive and grace as he shifts from fragmented

introductory passages to tightly developed improvisations. Powell's attack on *Easy* Gillespie's *Woody n' You*, for example, quickly leaps from an elegant statement to the brink of chaos. *Inner Fives* is a superb single-disc introduction to this giant of modern jazz piano.

**OF HUMAN FEELINGS**  
Ornette Coleman  
(Anthem/Trend)

In the 1960s Coleman was bitterly attacked for his free-jazz experiments. Ironically, he is now being celebrated by some who feel that his new folk-inspired music is too conservative and conventional. The immediate problems with *Of Human Feelings* is the huge disparity between Coleman and his backup band. An extremely expressive improviser, Coleman surrounds himself with a straight rhythm section that neither responds to his lure nor develops his compositions. But what the Free Time Band lacks in complexity and imagination it compensates for with intensity. *Of Human Feelings* is a refreshingly fierce record, the band's calculated, mechanical funk supplies a brutally impressive setting for Coleman's idiosyncratic sax. *Of Human Feelings* is a brilliant experiment by an artist who has never ceased experimenting. —BART TESTA



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## Making faces for history and art

By David Livingstone

Perhaps the most stubborn photographic vision of Canada is that of a large, unpopulated land composed of nothing more than fields, trees, more fields, rocks and water. However, currently on tour (and now in Toronto) are two exhibitions that contravene that fixed and rather inalterable notion. Both *Slights of History/Vue Histoire*—

*Nature Morte*, installed outdoors in Nathan Phillips Square until Sept. 6, and *Personae*, at the Canadian Centre of Photography until Sept. 12, offer the welcome opportunity to run into a few faces.

*Slights of History*, arrived in Ottawa last summer and travelling across the country for the next four years, consists of 366 images chosen by the Still Photography Division of the XPS from more than 5,000 submitted by the public in response to a call for pictures of Canada's past. The concept intends to let a-brood-of-our-heritage peppy to be presenting, but curator Marjorie Langford has made her selection with the little man in mind, taking into account matters of local, personal moment. Grandstand portraits have been kept in these & those that could have been history instead quirky, intimate, even heartwarming. For example, in the requisite shot of the Plains of Abraham, the historical site serves only as background. More prominent in the photograph are Russell and Margaret Creighton, honeymooning in 1941.

A considerable number of the photographs are, of course, devoted to the merely monumental: groves, churches, castles, massive plaques and other significant landmarks. Nevertheless, photographs of inanimate objects also capture unseen personalities. Graffiti from a Glass Bay wall—JOHN WILL WENT TO A BANQUET ON MAY 19TH AND BEHEVED BOBBY PR. A. BEHAGUE—effectively suggests the humor of drinking habits that have made Cape Bretoners famous.

Primarily the work of amateur shutterbugs, the exhibition amazes of the snapshots. The opera house, now faded and forlorn, no doubt win one the pride and joy of *Slights*. Marjorie White, it may not have affected the course of national events that in 1968 Marjorie Christensen visited her teacher in New Denmark, N.B., it was still an occasion she found worth remembering. Looking at her snap of a kitchen crisscrossed with plastic, plywood, tapestries and laughing faces, the viewer also appreciates the pleasure of happy recollection, and smiles.



Chelmsworth Family Wall, New Denmark, N.B.: quirky, intimate, heartwarming

prizes the pleasure of happy recollection, and smiles.

Thus feeling of participation derives in so small measure from the exhibition's ingenious presentation, designed by George Stoffer of the XPS. Each of seven display pylons supports five double-sided panels, which may be turned like the pages in a family album. Under such circumstances, it seems impertinent and irrelevant to gauge the photographs in *Slights of History* by aesthetic standards. Marjorie Stewart, standing straight as a poker on her fifth birthday in front of Charlottetown's Province House, where her grandfather and husband had both done duty, is a scene of staidness that any artistic

might feel lucky to have captured. But an appreciation of the photograph does not require any fancy critical thoughts. Here is a woman who makes art seem beside the point.

By contrast, art is very much the point of *Personae*. In particular, it explores the highly self-conscious art of portraiture as represented in the work of five Canadian photographers. There are plans for the show, which originated last June at the Stills Arts Museum at the University of Calgary, to travel to Paris, London and New York. While the works chosen by curator Karen Elmholt Allen range widely in style, intention and quality, viewed together they illustrate the complex nature of portraiture of art.

*Revue by Muggie: a direct acquaintance*



Perhaps the slightest images in the exhibition are the self-portraits by Michael McDermott from Winnipeg. It has become commonplace for young female artists to look at themselves, answering their self-portraits with public shows or interest in their personal womanhood. However, unlike the sometimes witty and sardonic work of Barbara Astman and Ray Lake, McDermott's self-examination might have been more modestly undertaken in front of a mirror than a camera. Her self-revelation is subtle in the *Revue* visual equivalent of a whole. Standing in a man's underwear top, she always appears nervous and self-conscious. When she turns her face into others, as she does in a series of 20 portraits taken at a Passover concert and provocatively titled *The Khumant*, the results are equally flat.



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and more, not void of meaning.

The *Business* is the sort of gross generalization in which Andrew Dawson also indulges. In two groupings of photographs, *Jamaican Portraits Series I* and *Newfoundland Portraits Series I*, he mistakes appearances for anthropology. In both series individuals are posed against a scene-grained, makeshift backdrop and look uneasy and disoriented; the portraits reveal more about the photographer's manipulations than they do about Jamaicans and Newfoundlanders. It would appear that Dawson thinks he is saving something a little removed in primitive culture, but his achievement seems nothing more than a derivative blend of Walker Evans and Richard Avedon.

In commenting on the identity of a single individual, David MacKenzie is more successful. In *Demond to #62*, *Philip Goes to War*, a series of 29 large black-and-white prints (53.2 x 43.2 cm), he documents a friend during the uniform of an officer cadet in the Canadian armed services. Illustrated slowly, step-by-step—opening the suitcase, getting on the plane, tying the tie—the process becomes a symbol of the dehumanizing pressures endured by males in order to be regarded as men. The man is clearly playing a part he does not want.

Such dislocation is a recurrent motif in modern portraiture. Traditionally, photographs of people were meant to reveal them at their grandest. Now, masks of pretenses and contempt are out of style. Stephen Leacock, in 22 elaborately crafted gun-holstered prints, part of a larger series shown last fall at Toronto's Jane Clarke Gallery, manages to get beneath the skin, exposing anxiety and distress even in the fair faces of children.

Arnold Muggs resembles Leacock in that he also places his subject in the direct centre of the frame. However, while Leacock's photographs are emotional experiences, Muggs' are so dispassionate and scientific in topographical maps. *Kristenweiden*, a mathematical arrangement of portraits of students at a German art school, features consecutive strips of five or three or two student, three front views, three side views. *Joseph Beuys, 300 Front View* is made up of 100 separate images (each 48.3 x 40.2 cm) of the German sculptor. Of all the work in *Personae*, this is the most difficult and rewarding, a brilliant summation of what happens when flesh and blood come before the camera. Confronted by 100 photographs of one man, you get no man. You look and count. The man cannot talk. As much as *Sights of History* may make you feel you are getting to know people, Muggs seems to be saying that, with photographs, the most one can make is a silent acquaintance. ☐

## THEATRE

# Nosing his way to the top

CYRANO DE BERGERAC

By Edward Rostand

Directed by Derek Goldby

Mixing with the classic can be risky, but this production of *Cyrano de Bergerac*, the most conservative ever mounted at the Shaw Festival, is an audacious triumph. Edward Rostand's turn-of-the-century epic comedy is usually presented as an anachronistic homage to romanticism overflows with lush poetry and subtle wit. Anthony Burgess' idiomatic adaptation retains the play's supercharged emotional expression but seasons it with large doses of earthiness and irony. Here, Cyrano is not only a 17th-century poet, soldier and philosopher with an enormous nose and an ego to match, but a street-smart sewer who can be as coarse in speech as he is sensitive in imagination. Equally at home comparing pured lips to a hen's rectum or speculating on rocket travel, this Cyrano, superbly played by Heath Lambert, will be the benchmark for all Cyrano yet to come.

The basic character remains. Hopefully in love with his beautiful cousin, Roxanne (Mach Marand), who is in love with Christian (Jeffrey Rouse), the generous dealer lends his poetic gift as a winged aid to his handsome, but nameless, rival. In the trauma be-

**As Cyrano de Bergerac at the Shaw Festival, Heath Lambert proves to be one of the greatest actors of his generation**

tween Cyrano's rhymed wit and Rouse's vaulting affectations, the production clearly examines the paradox behind Rostand's smouldering Shakespearean verse eloquent words can both entrance and deceive, speak falsely or reveal true love. Cyrano is also a ritual fight, with the rest of 22 and Cameron Poston's music, poetically sets entered in by defusing

theatrical elements.

For all its grandiose scenery, costume and technical effects, director Derek Goldby's aesthetic approach is rarely postmodern. Pretence is defused with a wry smirk on the battlefield, while Christian shrewdly reads the last testament before he bows. That Cyrano will ever write for him, his starring comrades draw over an ode to almost taste Goldby can be ironic, however. The secondary roles are shrewdly played—only Robert Brown as the pious chief and Frances Hylton's Mother Magistrate escape woodiness. And, when the crowd scenes are not ragged, they are overrehearsed and intensely factual. But the passionate duels between Cyrano and Roxanne are richly deserved.

With this role, Lambert establishes himself as one of the greatest actors of his generation. Always recognized as a genius in the Chagall tradition, he has now marshalled his comic talents—perceptive timing, mature physical agility and a unique gift for riveting audience attention—in a heroic performance full of wit and pathos. Whether nursing the preparation of a noble monologue or staring over the brink of eternity like an astonished child, this Cyrano announces that when Heath Lambert is onstage, all worlds are possible. —MARK CRAWFORD

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# A final humiliating signal

By Allan Fotheringham

**T**he standard wisdom in that politics is all smoke and mirrors. The theory is that it is all subterfuge, flimflam, and camouflage. From roll-calls like the place of policy rhetoric in the game and too often goes into overtime, the tube becoming overinflated with the rhetoric of the club. The windings are seen to take over, and gas replaces content.

There's a large part of truth in that, but overwriting it is a higher form of smoke and mirrors, of images, of illusions. It is called leadership and it is the only thing that can move the mass. It can be epitomized in the (juicy cigarette holder of Franklin Delano Roosevelt, tilted to the sky, as the biggest cigar of a Churchill) like him, his grin, and Jack Kennedy had his wit, and Dad the Chief, if however briefly, had a himself stronger and that grappled the country.

All this comes to mind in contemplating the stately procession across the land of the prime minister, in a private railway car, at this stage of our country, at this stage of his career. It is something that can be contemplated, like the unfolding of a gavel in slow-motion flimflam at leisure. The country is an holiday—at an strike of unemployment. It is the day-days of August, whether by lake or beer cooler. One has the games to check the newspapers and to watch the television news review. One has the time to think and to reflect and to grow philosophical about leaders and power and what it does to them.

There is something symbolic, one could say, about this much publicized procession of a prime minister and his children in a private railway car across the land. It is not to say it was cynically planned, was farwarded, or was purposely provocative. On the contrary, the trip is perhaps the best by far because but it was appropriate a metaphor for the end of an era.

Pierre Trudeau, basically a soldier. He is a fighter, and an incontestably brave one, but in between times he is a *Man of Letters* in a *Man of Letters* style.

But when things are not going well, he sells. The economy is not going well. Obviously not all his facts, attacked as we are to the embolism end of the Bonaparte. The goals are not going well. His bolton have told him the humiliating truth that when you take Quebec out of the Gallup, the party he has led for 14 years is now running third, behind even the New Democratic Party he once chased with before deciding that the Liberal way was the only way to power. The party is not going well, its most members serve the last injustice that he should go and a new unknown face.



called John Turner take over on the faint hope that the disaster in Western Canada can be reversed. The judgment of history is not going well, in that a man so obviously brilliant and so obviously dedicated to the preservation of the nation is so listed that people stay up at night to pelt his railway car with eggs and tomatoes.

So? So we have the response of a last out of speech with his turn. The only complaints about the cost of living the province general's private coach that must be returned to Ottawa anyway are irrelevant. The cost is not in dollars but in symbolism. As the worst depression since the '30s crops on little financial fact across the land, the one man who can provide some narrative is immune to symbolism. There is a fantasy coach of R.R. Bennett and Herbert Hoover to it. B.B. Bennett, while people in his Alberta made stew out of popovers perched in trying to survive in a Depression prime minister while wearing a top hat throughout.

However, one of the most intelligent U.S. presidents ever, was doomed by the financial collapse, bewildered in the calculated color he seemed to be born in Pierre Trudeau, the man who specifies at home and on foreign trips that he must be supplied with a fresh red rose every morning, noon and evening, takes a daily private railway car trip across the rugged terrain of the land at the height of unemployment and economic collapse.

The stately procession, as the eggs and tomatoes fly, has two aspects to it. The first is that it is a plaintive proof of the bankruptcy of a policy that has destroyed the West as a Liberal hope for years to come. The man who had scarcely traveled west of Ottawa until the age of 50 has never understood the people of a territory scarred for generations by the miseries of the dust bowl, the Dirty '30s, the paper store. Now, when his policies have visited the energy and resource economy of the Prairies and have brought fearful reminders of the bad old days, to travel through in a lingering reminder of Commodore Vanderbilt's provocations has much to tell.

The second aspect is the spectacle, recorded even on antichrist U.S. networks, of the longest-reigning leader in the Western World giving the teenage middle-finger salute to a peacefully demonstrating school-age crowd in Salinas Arm, EC. The poor wife, who obviously expected something better of her prime minister, retailed that she was stunned by the form of the revolt. Instead, it should be taken as the paid apartment to the mother protest that he would never in school-age move to the voters. The salute was indicating, with its middle digit, his farewell feeling about the people who elected him four times. It was his gracious way of saying goodbye, a man who leaves not with a bang but a finger.

Henry Kissinger once advised that a leader, in *showing power*, will never again have as much intelligence or credibility. Both start to diminish from that moment. That's what Pierre Trudeau has done over 14 years. That's what the finger symbolizes. We should be thankful for it.

# "THE SKY IS FALLING"

SAID CHICKEN LITTLE



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